

89-979

Supreme Court, U.S.
FILED

DEC 20 1989

JOSEPH F. SPANIOLO, JR.
CLERK

No.

In The Supreme Court
OF THE
United States

OCTOBER TERM, 1989

BAUSCH & LOMB INCORPORATED, a Corporation,
Petitioner,

VS.

HEWLETT-PACKARD COMPANY, a Corporation,
Respondent.

On Writ of Certiorari to the United States
Court of Appeals for the Federal Circuit

PETITION FOR WRIT OF CERTIORARI

Of Counsel:

RICHARD W. BUCKNER
O'MELVENY & MYERS

LAURENCE H. PRETTY
PRETTY, SCHROEDER,
BRUEGGEMAN & CLARK
444 South Flower Street
Suite 2000
Los Angeles, California 90017

JAMES W. COLBERT, III
O'MELVENY & MYERS
400 South Hope Street
Los Angeles, California 90071
(213) 669-6000

*Counsel of Record
for Petitioner
Bausch & Lomb
Incorporated*

BERNARD D. BOGDON, Esq.
BAUSCH & LOMB INCORPORATED
One Lincoln First Square
Post Office Box 54
Rochester, New York 14601

QUESTION PRESENTED

Although the decision for which review is sought was rendered by the United States Court of Appeals for the Federal Circuit in a patent action, this petition for writ of certiorari raises no issue of patent law. Rather, it presents the following question of general applicability respecting the duties imposed upon judicial officers by the impartiality requirements of 28 U.S.C. § 455:

Does a trial judge possessed of facts known by him to be of relevance to his impartiality — in this instance, his son's employment by respondent Hewlett-Packard — have an obligation to disclose those facts to litigants engaged in a bench trial before him such that his deliberate withholding of that information creates an appearance of bias requiring his disqualification?

PARTIES TO THE PROCEEDING BELOW

1. Hewlett-Packard Company ("Hewlett-Packard")
— plaintiff and appellee below.
2. Bausch & Lomb Incorporated ("Bausch & Lomb")
— defendant and appellant below.¹

¹There are no parent, subsidiary or affiliate corporations required to be listed pursuant to Rule 28.1 of this Court.

TABLE OF CONTENTS

	<u>Page</u>
TABLE OF AUTHORITIES	iii
REPORT OF DECISION BELOW	1
JURISDICTION.....	1
STATUTE AT ISSUE	2
STATEMENT OF THE CASE	2
REASONS FOR GRANTING THE WRIT.....	7
A. THE DECISION OF THE FEDERAL CIR- CUI IT IS IN CONFLICT WITH THE DECI- SIONS OF THIS COURT AND OTHER CIRCUITS	7
B. THE DISCLOSURE PRINCIPLE AT IS- SUE IS A MATTER OF CRITICAL IMPOR- TANCE TO PUBLIC PERCEPTION OF THE INTEGRITY OF THE JUDICIAL PROCESS	9

TABLE OF AUTHORITIES

Cases

	<u>Page</u>
<i>Goldberg v. Goldstone</i> , CCH Copyright Law Reporter P 25, 203 (S.D.N.Y. 1980)	11
<i>Liljeberg v. Health Services Acquisition Corp.</i> , 486 U.S. 847, 100 L. Ed. 2d 855, 108 S. Ct. 2194 (1988)	9
<i>Matter of National Union Fire Insurance Company of Pittsburgh</i> , 839 F.2d 1226 (7th Cir. 1988)	8
<i>SEC Investor Protection Corp. v. Bell and Beckwith</i> , 28 B.R.-285 (Bkey Ct. N.D. Ohio 1983)	11

Codes, Regulations and Statutes

18 U.S.C. § 208	9
18 U.S.C. § 209	9
28 U.S.C. § 455	i, 2, 5, 10, 13
28 U.S.C. § 1254	1
28 U.S.C. § 1295	6
28 U.S.C. § 1338	3
28 U.S.C. § 2101	1
Rule 19 of the Rules of the Supreme Court	3 n.3
Rule 20 of the Rules of the Supreme Court	1

Other Authorities

House Report 93-1453, 1974 U.S. Code Cong. and Admin. News 6351, 6355	11
Senate Bill S.765, 101st Congress	9
House Bill H.R. 2337, 101st Congress	9



No.

In The Supreme Court
OF THE
United States

OCTOBER TERM, 1989

BAUSCH & LOMB INCORPORATED, a Corporation,
Petitioner,

VS.

HEWLETT-PACKARD COMPANY, a Corporation,
Respondent.

**On Writ of Certiorari to the United States
Court of Appeals for the Federal Circuit**

PETITION FOR WRIT OF CERTIORARI

REPORT OF DECISION BELOW

The decision for which review is sought is reported as *Hewlett-Packard Company v. Bausch & Lomb Incorporated*, 882 F.2d 1556 (Fed. Cir 1989).

JURISDICTION

The decision for which review is sought was entered on August 9, 1989. A timely motion for rehearing was filed by petitioner Bausch & Lomb and denied by the Court of Appeals on October 6, 1989. This Court has jurisdiction to review the decision at issue by writ of certiorari pursuant to 28 U.S.C. §§ 1254 and 2101(c) and Rule 20 of the Rules of this Court.

STATUTE AT ISSUE

The statute at issue is subpart (a) of 28 U.S.C. § 455:

“Any justice, judge, or magistrate of the United States shall disqualify himself in any proceeding in which his impartiality might reasonably be questioned.”

STATEMENT OF THE CASE

This controversy exists because of the conscious decision of the trial judge below, the Hon. Robert P. Aguilar, not to reveal to Bausch & Lomb the fact that his son was a long-time employee of Hewlett-Packard, the other litigant before him. The eventual revelation of this employment relationship — after a bench trial and from sources other than Judge Aguilar — has led Bausch & Lomb to seek Judge Aguilar's disqualification at the district court, at the court of appeals and, by this petition, before this Court. For the litigants in this action, the issue presented is whether Judge Aguilar properly presided, and properly continues to preside,² over this action. For litigants generally, the issue is the meaningful enforcement of the safeguards against the risk of judicial bias.

²As the Court is probably aware, the bulk of Judge Aguilar's calendar has been transferred to other judges in the Northern District of California by reason of Judge Aguilar's indictment and upcoming criminal trial. This action is one of the few that has not been so transferred. Accordingly, the issue of Judge Aguilar's continued participation has not been rendered moot by reason of his caseload reassignment. Bausch & Lomb's intent to file this petition has been discussed with Judge Aguilar who has stayed further proceedings before him until such time as this Court has acted on the petition.

As already noted, the substantive claims in this action arise under the patent laws of the United States, jurisdiction for which is invested in the district courts by 28 U.S.C. § 1338. This action was commenced in October 1984 as a suit for declaratory relief by Hewlett-Packard in its home district, the Northern District of California. (A 122-126.)³ As relief, Hewlett-Packard sought a declaration that U.S. Patent No. Re. 31,684, owned by Bausch & Lomb, was invalid or, alternatively, that Hewlett-Packard's products did not infringe that patent.⁴ Bausch & Lomb counterclaimed for patent infringement. (A. 131-141.) The action was eventually assigned to Judge Aguilar, as was a related action involving disputes over ownership of the patent at issue and a subsequent action commenced by Hewlett-Packard charging Bausch & Lomb with infringement of a different patent owned by Hewlett-Packard.

At the time this action was assigned to him, Judge Aguilar's son had been an employee of the Corvallis division of Hewlett-Packard for many years.⁵ (A 277-79, 283-86.) Neither then nor at any later time did Judge Aguilar disclose to Bausch & Lomb this relationship

³The reference is to the Joint Appendix constituting the record before the Federal Circuit. In keeping with the admonition of Rule 19.1, however, petitioner has not requested certification and transmission of that record at this time.

⁴The products at issue are "x-y plotters," electromechanical devices for producing graphs. The Hewlett-Packard plotters are the most successful on the market from a commercial standpoint, and the patent controversy is one of significant economic importance to both litigants.

⁵Judge Aguilar's son held a position as "Materials Handling Supervisor." It does not appear that he had any personal involvement with the Hewlett-Packard products at issue in this action.

between his son and Bausch & Lomb's litigation adversary. Nor did Hewlett-Packard disclose its employment of Judge Aguilar's son, a failing that Hewlett-Packard has since attributed to the fact that the personnel responsible for the litigation were themselves unaware that the judge's son was a Hewlett-Packard employee. (A 277-79, 283-86.) As a consequence, Bausch & Lomb remained ignorant of this potential source of bias throughout discovery and trial.

In April 1988, Judge Aguilar severed for separate trial one of Hewlett-Packard's affirmative defenses to the enforcement of Bausch & Lomb's patent, the "inequitable conduct" defense that accused Bausch & Lomb of failing to make adequate investigation of facts represented to the Patent and Trademark Office in connection with that office's consideration of a reissue proceeding seeking a modification of the patent several years after its issuance. (A 179-86.) This defense was presented in a seven-day bench trial before Judge Aguilar during which past and present Bausch & Lomb employees and agents accused of inequitable conduct gave testimony explaining and justifying the actions of which Hewlett-Packard complained. On May 18, 1988, Judge Aguilar entered judgment for Hewlett-Packard rejecting as not credible the explanations proffered by the Bausch & Lomb witnesses, sustaining Hewlett-Packard's defense in its entirety and rendering the draconian judgment that *both* the modifications obtained in the reissue proceeding *and* the original patent were unenforceable despite the lack of any nexus between the original patent and the alleged misconduct. (A 1, 187-266.)

Throughout these trial proceedings, Bausch & Lomb had remained unaware of the relationship between Hewlett-Packard and Judge Aguilar's son. On June 1, 1988,

however, Steven Fox, a Hewlett-Packard attorney assigned to this case, mentioned the litigation in the course of an internal seminar on patents. Thereupon, one of the Hewlett-Packard employees in attendance asked Mr. Fox if he was aware that Hewlett-Packard employed the judge's son. (A 277-79.) After verifying this information, Mr. Fox brought it to the attention of Hewlett-Packard's trial counsel, who, unlike Judge Aguilar, considered it their obligation to report this fact promptly to Bausch & Lomb's trial counsel. (A 329.)

Faced not merely with the employment relationship between Judge Aguilar's son and Hewlett-Packard, but also with Judge Aguilar's inexplicable failure to disclose that fact through nearly four years of hotly-contested litigation, Bausch & Lomb moved to disqualify Judge Aguilar pursuant to 28 U.S.C. § 455(a). (A 119.) At the hearing on this motion, Judge Aguilar confirmed that his failure to disclose his son's employment by Hewlett-Packard was the result of a deliberate choice and not oversight. Judge Aguilar stated that he was sensitive to the potential conflict created by his son's employment at Hewlett-Packard because it was a large and frequent litigator before his court and that he had frequent discussions with his son regarding his status at Hewlett-Packard because he "didn't want to have any problem regarding that." (A 344-45.) With respect to this litigation, Judge Aguilar stated that he had explored with his son the question of whether his son had any involvement with the products at issue and satisfied himself that he did not. Judge Aguilar thereupon concluded that his son's relationship to Hewlett-Packard was not disqualifying in this case. (A 345-46.) On the question of why he had failed to disclose any of the foregoing to Bausch & Lomb until after his son's employment was discovered and revealed by Hewlett-Packard's counsel, Judge Aguilar

stated that he found no obligation of disclosure in the law and that he did not want to put Hewlett-Packard opponents in the uncomfortable position of feeling coerced to waive any objections. (A 348.) On this reasoning, Judge Aguilar denied Bausch & Lomb's motion in its entirety.⁶ (A 82-88.)

Bausch & Lomb appealed the adverse judgment to the United States Court of Appeals for the Federal Circuit pursuant to 28 U.S.C. § 1295(a)(1), seeking reversal both for errors of patent law in the decision rendered and for Judge Aguilar's refusal to recuse himself. The Federal Circuit reversed a portion of the judgment on the ground that the trial court had applied the wrong substantive standard to the evidence presented on the inequitable conduct defense and ordered the action remanded for further proceedings under the proper standard. The court of appeals affirmed Judge Aguilar's denial of the disqualification motion, however. Although it acknowledged the seriousness of the bias question raised by the employment of Judge Aguilar's son by Hewlett-Packard, the Federal Circuit rejected Bausch & Lomb's contention that Judge Aguilar's decision to withhold that fact gave rise to an appearance of bias. The Federal Circuit found no relevance in Judge Aguilar's failure to disclose his son's position, expressly holding that he had no obligation to do so:

"Moreover, contrary to B&L's understanding, the trial judge was not required to disclose to B&L that the son was employed by HP. Counsels' (sic) ap-

⁶Judge Aguilar also denied Bausch & Lomb's motion for disqualification in the then-untried infringement action brought by Hewlett-Packard on its own patent. After a bench trial, Judge Aguilar entered judgment for Hewlett-Packard in that action as well. An appeal therefrom is pending in the Federal Circuit.

proval to preside was unnecessary. Indeed, some authorities indicate that seeking such approval is inappropriate . . .” 882 F.2d at 1569. (P.A.28)⁷

It is this holding — and the Federal Circuit’s consequent affirmance of Judge Aguilar’s denial of the disqualification motion — for which review is now sought.

REASONS FOR GRANTING THE WRIT

A. THE DECISION OF THE FEDERAL CIRCUIT IS IN CONFLICT WITH THE DECISIONS OF THIS COURT AND OTHER CIRCUITS.

In rejecting Bausch & Lomb’s appeal on the disqualification issue, the Federal Circuit has shown itself to be untroubled by Judge Aguilar’s deliberate concealment of his son’s employment by Hewlett-Packard. The court of appeals expressly held that there was no duty on the trial judge’s part to disclose such a source of bias to the litigants before him, and the language of the court’s opinion quoted above recommends Judge Aguilar’s secretive approach to all jurists faced with such questions. With all due respect to the court of appeals, the rule of law so announced is a pernicious one that is in conflict with the pronouncements of this Court and those of at least one other circuit.

To address intelligently the principle of law at issue, it is first necessary to uncouple the two concepts erroneously mated in the Federal Circuit’s decision. In deciding that a trial judge has no duty to disclose potential sources of bias, the court of appeals relied upon the proposition that a judge does not need the consent of the litigants before him in order to proceed and should resolve ques-

⁷The reference to “P.A.” is to the Appendix to this Petition.

tions respecting his impartiality on his own without soliciting the views of the litigants' counsel.⁸ But this reasoning equates the disclosing of facts pertinent to the question of bias with the soliciting of consent, and that equation is false.

The proposition that a trial judge should decide for himself the issue of his impartiality does not require, or even suggest, that he should keep secret the fact of his deliberations on that score or the circumstances that required him to address the issue. The distinction between disclosure and solicitation of consent is well-illustrated by the decision of the Court of Appeals for the Seventh Circuit in *Matter of National Union Fire Insurance Company of Pittsburgh*, 839 F.2d 1226 (7th Cir. 1988). There the Seventh Circuit, as the Federal Circuit here, pronounced itself of the view that "[j]udges should refrain from asking for the views of counsel on these questions [of bias]." 839 F.2d at 1231. Unlike the Federal Circuit, however, the Seventh Circuit recognized that it did not follow that a trial judge should conceal his deliberations from the litigants. Thus, in stark contrast to the secret deliberations commended by the Federal Circuit, the Seventh Circuit opined:

"The best practice is to disclose the details that the judge deems significant, to make a decision by one's own lights, and let counsel speak or keep silence as they will." 839 F.2d at 1231.

⁸The court of appeals relied heavily on Resolution L of the Judicial Conference of the United States, adopted Oct. 1971. 882 F.2d at 1569. This resolution preceded the 1974 amendment to section 455 substituting an objective standard on bias in lieu of the former subjective test and is, therefore, of uncertain status today. For the reasons discussed in text, however, the principle enunciated in this resolution is of no relevance in any event.

In this conflict over the appropriate procedure to follow in resolving issues of bias, it is the Seventh Circuit and not the Federal Circuit that is in the mainstream. Indeed, the Federal Circuit finds itself in conflict with the views expressed by this Court itself. In that regard, this Court emphasized the importance and desirability of disclosure of possible sources of bias in a decision rendered only last year. *Liljeberg v. Health Services Acquisition Corp.*, 486 U.S. 847, 100 L. Ed. 2d 855, 108 S. Ct. 2194 (1988). In discussing the advisability of the remedy fashioned by the court of appeals in that case — vacation of the judgment entered by a trial judge subsequently disqualified — this Court noted approvingly that the approach taken by the court of appeals “may prevent a substantive injustice in some future case by encouraging a judge or litigant to more carefully examine possible grounds for disqualification and to promptly disclose them when discovered.” 486 U.S. at —, 100 L. Ed. 2d at 877, 108 S. Ct. at 2206 (emphasis added).

B. THE DISCLOSURE PRINCIPLE AT ISSUE IS A MATTER OF CRITICAL IMPORTANCE TO PUBLIC PERCEPTION OF THE INTEGRITY OF THE JUDICIAL PROCESS.

The pendency of bills S.765 and H.R. 2337, proposing that the judiciary be subject to the conflicts provisions of 18 U.S.C. §§ 208 and 209, is ample testament to the importance of sustaining public confidence in the integrity of the judicial process. If maintenance of that public confidence requires that judicial negligence be discouraged — as this Court concluded in *Liljeberg* — those same considerations require that conscious concealment be prohibited altogether. Indeed, it takes only a moment’s reflection to recognize that concealment by a trial judge of sources of bias bearing on his ability to weigh that

evidence impartially is entirely antithetical to the most fundamental principles underlying our system of justice.

It states the obvious to observe that disputes before our trial courts are resolved on the basis of the evidence in the record, with an opportunity for full participation by the contesting parties and subject to the safeguard of review by an appellate tribunal. We would not tolerate a procedure that permitted a litigant's rights to be determined on the basis of evidence never disclosed to him, and upon which he was never allowed to comment, by a trial judge who never had to explain his reasoning or subject his views to appellate review. Yet such is precisely the procedure adopted by Judge Aguilar and blessed by the Federal Circuit. If a trial judge may keep secret the existence of a source of bias and resolve for himself the effect of that circumstance on his impartiality without revealing the fact that an issue exists on that score to the litigants who have entrusted to him the dispassionate weighing of the evidence, we have seriously eroded our adversary system of justice. What is not known cannot be discussed, challenged or reviewed; and the enforcement of 28 U.S.C. § 455 will have been assigned to the Star Chamber.

It can hardly be clearer that Congress intended no such result. One of the principal changes to the standards of judicial conduct effected by the 1974 amendments to Section 455 was the elimination of the oft-criticized subjective standard of the old law, requiring a judge to recuse himself only when "in his opinion" it was improper for him to continue to sit, and the substitution of an objective standard, requiring recusal whenever "his impartiality might reasonably be questioned." As explained by the House Report on this legislation, adoption of this objective standard "is designed to promote public confi-

dence in the impartiality of the judicial process by saying, in effect, if there is a reasonable factual basis for doubting the judge's impartiality, he should disqualify himself and let another judge preside over the case." H.R. 93-1453, 1974 U.S. Code Cong. and Admin. News 6351, 6355. It is hardly consistent with the adoption of an objective standard to relegate its enforcement to the secret and subjective proceeding countenanced by the Federal Circuit. Nor is the withholding of information bearing on impartiality likely to promote public confidence, as Congress intended. To the contrary, it is the common human experience — well-illustrated by numerous political scandals over the past two decades — that there is no fact so sinister as one that is concealed.

Rejection of the Federal Circuit's view that there was no obligation on Judge Aguilar's part to disclose his son's employment with Hewlett-Packard necessarily requires, under the facts of this case, that Judge Aguilar be disqualified. As the Federal Circuit itself acknowledged, the circumstance at issue here — the employment of his son by one of the litigants — is well-recognized as presenting a serious question for disqualification under section 455(a). Far more attenuated connections between a judge's relative and a litigant have appeared to some jurists to require disqualification under the objective standard of the appearance of bias. *See Goldberg v. Goldstone*, CCH Copyright Law Reporter P 25, 203 (S.D.N.Y. 1980) (judge's daughter had been employed by party, Doubleday, as a receptionist and a reader "for about a year"); *SEC Investor Protection Corp. v. Bell and Beckwith*, 28 B.R. 285 (Bkey Ct. N.D. Ohio 1983) (judge's nephew and nephew's spouse were customers of defendant). The critical reaction of responsible elements of the press to Judge Aguilar's decision to continue to sit despite his son's employment by Hewlett-Packard is fur-

ther testament to the serious nature of the threat to public perception of the judiciary that is created by such a relationship. *E.g.*, *Wall Street Journal*, August 3, 1988 ("Judge Won't Step Down in Hewlett Case, Even Though Son Works For Company"); *New York Times*, August 8, 1988 ("Impartial Judges: A Growing Issue"). Finally, as already noted, Judge Aguilar has conceded that he fully understood the sensitive nature of the potential conflict of interest created by his son's position at Hewlett-Packard.

The withholding of information of such unquestioned pertinence was an extraordinary act that, regardless of the judge's subjective rationalization, is hardly conducive to public confidence in the judiciary. Judge Aguilar was presiding at a bench trial where he was called upon to judge the credibility of the witnesses presented by the parties, a circumstance that heightens the sensitivity of bias issues. Despite that fact, Judge Aguilar displayed less candor than Bausch & Lomb's opponent in this litigation, whose counsel expressly acknowledged that concealment on *their* part would create an appearance of impropriety and conceded that "our obligation was to disclose the matter and clear the air." (A 329.) Judge Aguilar chose a lower road, creating the singular and unfortunate image of a jurist who has himself been less than candid sitting in judgment on the candor of others. This is not the image of the administration of justice that

Congress contemplated in enacting the provisions of
28 U.S.C. § 455.

DATED: December 18, 1989

O'MELVENY & MYERS
JAMES W. COLBERT, III

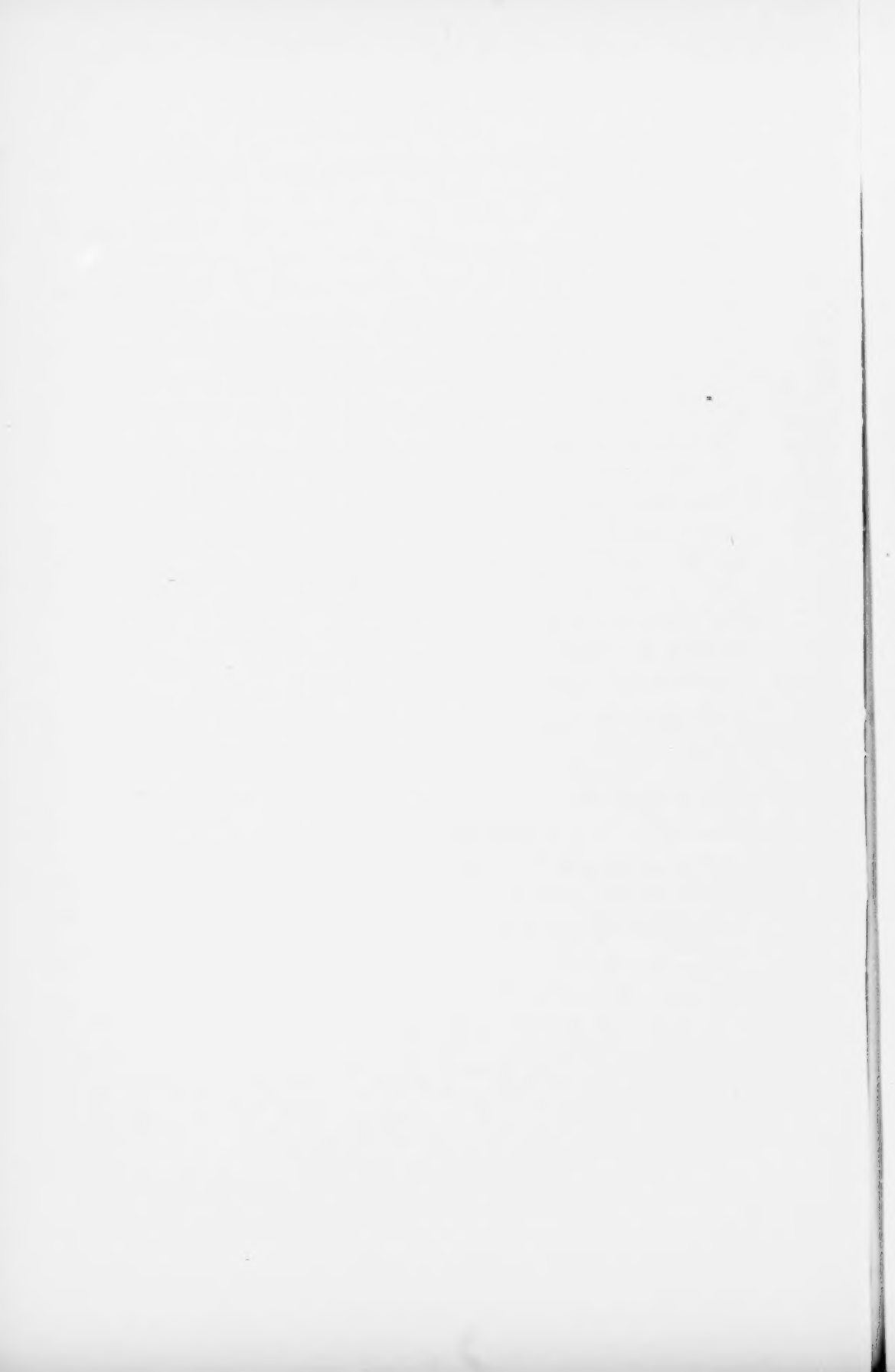
By _____
James W. Colbert, III
Counsel of Record
for Petitioner
Bausch & Lomb Incorporated

Of Counsel:

Richard W. Buckner
O'Melveny & Myers

Laurence H. Pretty
Pretty, Schroeder, Brueggeman & Clark

Bernard D. Bogdon
Bausch & Lomb Incorporated



PROOF OF SERVICE BY MAIL

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss.:

I am a citizen of the United States and a resident of or employed in the City of Los Angeles, County of Los Angeles; I am over the age of 18 years and not a party to the within action; my business address is 1706 Maple Avenue, Los Angeles, California 90015.

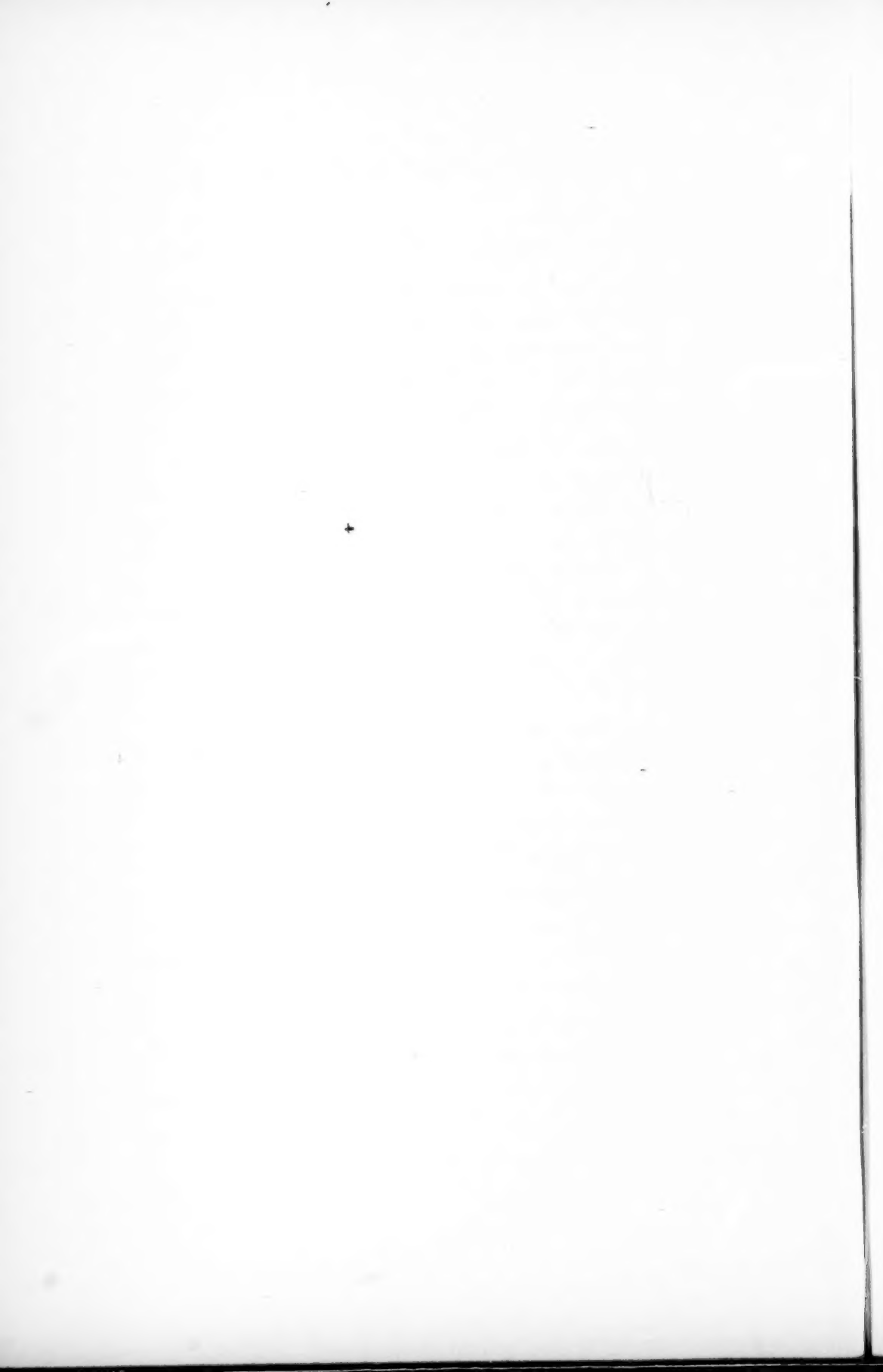
On December 19, 1989, I served the within Petition for Writ of Certiorari in re: "Bausch & Lomb Inc. v. Hewlett-Packard Co." in the United States Supreme Court, October Term, 1989, No., appendix filed under separate cover, on all parties interested in said action, by placing three true copies thereof enclosed in a sealed envelope, with postage thereon fully prepaid, in the United States Post Office mail box at Los Angeles, California, addressed as follows:

S. Leslie Misrock
Jonathan A. Marshall
Pennie & Edmonds
1155 Avenue of the Americas
New York, New York 10036 + 3 appendix

James P. Kleinberg
McCutchen, Doyle, Brown & Enersen
55 South Market Street
San Jose, California 95113 + 3 appendix

William H. MacAllister
Hewlett-Packard Company
3000 Hanover Street
Palo Alto, California 94303 + 3 appendix

All parties required to be served have been served.



I declare under penalty of perjury that the foregoing is true and correct. Executed on December 19, 1989, at Los Angeles, California.

Ce Ce Medina
CE CE MEDINA

289-979

Supreme Court, U.S.
FILED

DEC 20 1989

JOSEPH F. SPANIOL, JR.
CLERK

No.

In The Supreme Court

OF THE

United States

OCTOBER TERM, 1989

BAUSCH & LOMB INCORPORATED, a Corporation,
Petitioner,

VS.

HEWLETT-PACKARD COMPANY, a Corporation,
Respondent.

On Writ of Certiorari to the United States
Court of Appeals for the Federal Circuit

APPENDIX TO PETITION FOR WRIT OF CERTIORARI

Of Counsel:

RICHARD W. BUCKNER
O'MELVENY & MYERS

LAURENCE H. PRETTY
PRETTY, SCHROEDER,
BRUEGGEMAN & CLARK
444 South Flower Street
Suite 2000

Los Angeles, California 90017

JAMES W. COLBERT, III
O'MELVENY & MYERS
400 South Hope Street
Los Angeles, California 90071
(213) 669-6000

*Counsel of Record
for Petitioner
Bausch & Lomb
Incorporated*

BERNARD D. BOGDON, Esq.
BAUSCH & LOMB INCORPORATED
One Lincoln First Square
Post Office Box 54
Rochester, New York 14601

109 PR



TABLE OF CONTENTS
for Appendix

	<u>Page</u>
Opinion of United States Court of Appeals for the Federal Circuit, dated August 9, 1989	1a - 30a
Order of United States District Court for the Northern District of California, dated May 18, 1988	31a - 104a
Judgment of United States District Court for the Northern District of California, dated May 18, 1988	105a
Order of the United States Court of Ap- peals for the Federal Circuit, dated October 6, 1989	106a



No.

In The Supreme Court

OF THE

United States

OCTOBER TERM, 1989

BAUSCH & LOMB INCORPORATED, a Corporation,
Petitioner,

VS.

HEWLETT-PACKARD COMPANY, a Corporation,
Respondent.

On Writ of Certiorari to the United States
Court of Appeals for the Federal Circuit

APPENDIX TO
PETITION FOR WRIT OF CERTIORARI



HEWLETT-PACKARD COMPANY,
Plaintiff/Cross-Appellant

v.

BAUSCH & LOMB INCORPORATED,
Defendant-Appellant.

Nos. 88-1590, 88-1591.

United States Court of Appeals,
Federal Circuit.

Aug. 9, 1989.

S. Leslie Misrock, of Pennie & Edmonds, New York City, argued, for plaintiff/cross-appellant. With him on the brief, was Jonathan A. Marshall, of Pennie & Edmonds. Of counsel were Brian D. Coggio, Jennifer Gordon, Jon R. Stark and Bruce J. Barker, of Pennie & Edmonds, and William H. MacAllister, of Hewlett-Packard Co., Palo Alto, Cal.

Laurence H. Pretty, of Pretty, Schroeder, Brueggemann & Clark, Los Angeles, Cal., argued, for defendant-appellant. Of counsel were Gary A. Clark and John T. Wiedemann, of Pretty, Schroeder, Brueggemann & Clark, James W. Colbert, III, of O'Melveny & Myers, Los Angeles, Cal., and Bernard D. Bordon, of Bausch & Lomb Inc., Rochester, N.Y.

Before NIES and BISSELL, Circuit Judges, and BALDWIN, Senior Circuit Judge.

NIES, Circuit Judge.

Bausch and Lomb Incorporated (B & L) appeals from a final judgment, in favor of Hewlett-Packard Company (HP), entered by the United States District Court for the Northern District of California in a patent infringement suit. *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 692

F.Supp. 1118 (N.D.Cal.1988). The judgment is based on the district court's holdings that B & L's United States Patent No. Re. 31,684 ('684) is unenforceable and partially invalid. We affirm-in-part, vacate-in-part, and remand.

The court held claims 10-12, which were added during reissue, invalid because B & L filed blatantly inaccurate affidavits to support reissue. Absent the affidavits, the court held, B & L failed to comply with the requirements of the oath specified in 35 U.S.C. § 251 (1982) and 37 C.F.R. § 1.175 (1988). The court rejected HP's argument, however, that the improper oath also rendered claims 1-9, which were carried over unchanged from the original patent, invalid. *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 8 USPQ2d 1177 (N.D.Cal.1988); *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 692 F.Supp. 1118, 1120-32, 8 USPQ2d 1179, 1181-91 (N.D.Cal.1988). Nevertheless, the district court held that B & L's conduct in prosecuting the reissue, including the submission of the false affidavits, rose to the level of inequitable conduct. In the court's view, such misconduct tainted all 12 claims and rendered the '684 patent entirely unenforceable. *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 692 F.Supp. 1118, 1132-50, 8 USPQ2d 1179, 1192-1206 (N.D.Cal.1988).

We affirm the court's holding that claims 10-12, but not claims 1-9, are invalid because the reissue application was defective. It is unclear, however, whether the district court's determination of inequitable conduct is in accord with this court's recent pronouncement in *Kingsdown Medical Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867, 876-77, 9 USPQ2d 1384, 1392 (Fed.Cir.1988) (in banc). Accordingly, we vacate that part of the judgment and remand for reconsideration.

Finally, B & L asserts it is entitled to a retrial of the case. Following entry of judgment, B & L moved the trial judge to disqualify himself pursuant to 28 U.S.C. § 455 (1982) upon learning that HP employed the judge's son. That circumstance in itself, per B & L, would cause a reasonable person to question the judge's impartiality. B & L appeals the denial of its motion. *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 8 USPQ2d 1206 (N.D.Cal.1988). We affirm.

I

ISSUES

1. Did the district court err, by applying an incorrect legal standard, in holding B & L guilty of inequitable conduct in prosecuting the reissue application?

2. Where inequitable conduct is found during reissue proceedings, which renders all new claims added or amended during reissue unenforceable, is a finding of actual fraud or bad faith required to hold the unchanged claims carried over from the original patent also unenforceable?

3. Is a failure to include narrower or dependent claims in a patent sufficient in itself to establish error warranting reissue under 35 U.S.C. § 251?

4. Where a reissue patent issues from a defective application, are all claims invalid or are only the claims added or amended during reissue invalid?

5. Does 28 U.S.C. § 455(a) (1982) require the judge's recusal in this case?

II

BACKGROUND

John Yeiser invented an "X-Y Plotter," described in United States Patent No. 3,761,950 ('950), in which chart paper moves under a marking pen. Yeiser's patent issued in 1973 with nine claims.¹ Following a series of assignments, the Milton Roy Company (MRC) acquired the '950 patent. The invention claimed in that patent was commercialized only briefly. MRC had been out of the plotter business for some time when, in late 1980 or early 1981, HP introduced its first moving-paper X-Y plotter, with great success.

¹Claim 1 of the '950 patent is as follows:

1. An X-Y plotter comprising:

a table adapted to support a cut chart slidably thereon;

a fixed carriage guide extending across said table in an X-direction;

a carriage with a marking element, supported by said guide and movable therealong to provide X-deflection of said marking element across said chart;—

driving roller means with pinch roller means engageable with said chart to provide bidirectional recording displacement of said chart across said table in the Y-direction orthogonal to said X-direction;

electromechanical X-servo means connected drivably to said carriage; and

electromechanical Y-servo means connected drivably solely to said driving roller means, said bidirectional displacement of said cut chart being the sole provision for relative displacement of said chart and said marking element for recording in said Y-direction.

B & L, a competitor of HP, discovered the '950 patent during an investigation of HP's patent protection on its plotter. In 1982, B & L bought the '950 patent from MRC for \$30,000, admittedly for the purpose of gaining leverage in negotiations — hoping to obtain a cross license from HP — and possible litigation. The record indicates that B & L was concerned, however, that claim 1, which arguably covers HP's plotter and is the only independent claim asserted, was overly broad. To obtain narrower claims which would incorporate details of the HP plotter specifically, B & L filed a reissue application containing three new claims, 10-12.² The original nine claims of the '950 patent were included in the reissue application without substantive change.

The PTO rejected the application, *inter alia*, on the grounds that B & L failed to specify either an error warranting reissue or how the error occurred. B & L successfully overcame the PTO rejections by supplementing the initial declaration with two affidavits signed by the patent agent, Lawrence Fleming, who had prosecuted the original patent. The facts surrounding those affidavits

²Claims 10-12 of the '684 patent are as follows:

10. The X-Y plotter as claimed in claim 1, wherein:

said driving roller means includes a drive roller having a peripheral anti-slip surface having a high coefficient of friction frictionally engageable with a surface of said cut chart; and

said pinch roller means includes a pinch roller engageable with the other surface of said cut chart and positioned to hold said cut chart against said drive roller.

11. The X-Y plotter as claimed in claim 10, wherein the anti-slip surface of said drive roller is knurled.

12. The X-Y plotter as claimed in claim 11, wherein the anti-slip surface is cylindrical.

and the effect they had on the reissue will be discussed below in detail in connection with addressing the issues of the validity and enforceability of the '684 patent, which are the central issues of this appeal.

With issuance of the '684 patent imminent, B & L charged HP with infringement. HP countered with a petition for reexamination of claims 1, 2 and 10-12 over certain prior art. The PTO found that HP's petition raised a substantial new question of patentability, but ultimately upheld the validity of all claims. HP then filed a declaratory judgment action in October 1984, asserting invalidity of all claims of the '684 patent under 35 U.S.C. §§ 102, 103, 112, and 251 (1982), and later added an allegation of unenforceability for inequitable conduct in B & L's prosecution or the reissue application. B & L counterclaimed, charging HP with infringement of claims 1 and 2, which were original claims, and claims 10-12 added by reissue.

On a summary judgment motion, the district court held claims 10-12, but not claims 1-9, invalid. More specifically, the court found that the oath (declaration) in the application for reissue was defective. B & L contends that, as a matter of law, the oath was not defective. On the other hand, HP urges that, because the oath was defective, the district court should have held original claims 1-9 also invalid.

A separate trial on the issue of inequitable conduct was then held, after which the district court held all claims unenforceable. B & L contends that the court legally erred in holding it guilty of inequitable conduct because the court found only that B & L acted with gross negligence, not with an intent to deceive. B & L also maintains that, regardless of the fate of the added claims 10-12, original claims 1-9 cannot, as a matter of law, be held

unenforceable absent actual, "*Walker Process*"-type fraud.³ Such fraud was not alleged, proved, or found. Having disposed of all claims by its decision on the above issues, the district court chose to enter judgment under Federal Rule of Civil Procedure 54(b) without reaching the additional validity questions raised under sections 102, 103, and 112. It denied HP attorney fees, requested under 35 U.S.C. § 285 (1982), a ruling challenged in HP's cross appeal.

III

FACTS CONCERNING THE REISSUE AFFIDAVITS

The facts surrounding the two Fleming affidavits submitted by B & L to support the reissue application are central to the issues of validity and enforceability. Accordingly, those facts must be set forth in detail.

Upon acquisition of the '950 patent, B & L immediately began steps to secure its reissue. The matter was handled by Bernard Bogdon, B & L's in-house counsel, and William Hyer, outside patent counsel. Hyer delegated the task to an associate of his firm, Jonathan Jobe. It was Jobe's first experience with drafting a reissue application.

Working from the '950 patent file and the specifics Hyer gave him on the HP plotter, Jobe drafted the reissue application, adding three dependent claims to Claim 1 to cover specific features of the HP plotter. Jobe drafted the declaration, later signed by B & L's vice president, George More, to state that the '950 patent was

³See *Walker Process Equip., Inc. v. Food Mach. & Chem. Corp.*, 382 U.S. 172, 86 S.Ct. 347, 15 L.Ed.2d 247 (1965).

"partly or wholly inoperative . . . by reason of the patentee claiming less than he had a right to claim in that he had a right to claim [his invention] more specifically," and that the omission of the dependent claims was caused "because of oversight and without deceptive intent on the part of said John O. Yeiser or his attorney." No one had at that time consulted with Lawrence Fleming, the patent agent (by then retired) who had prosecuted the '950 patent.⁴

Although he signed the declaration, More knew nothing about the alleged "error," either personally or based on others' investigations. Indeed, he was told that he was better off not asking any questions. Jobe testified that he included the reference to an "oversight" because "it is required by the statute" and because he could not "imagine any deceptive reason for not including those claims."

Filed in due course, the reissue application was rejected on the ground:

The declaration is insufficient because it does not specify an error. The addition of narrower claims, by itself, is not an error. Note that there is no allegation that base claim 1 is inoperative or invalid. Why are claims of narrower scope necessary? The declaration is further insufficient because it does not specify how the error arose or occurred. The statement that the alleged errors occurred or arose because of oversight on the part of the inventor or his attorney does not specify in detail how and why such an oversight occurred. A declaration from the original attorney may be in order.

⁴Yeiser, the inventor, had been deceased for a number of years.

Following the examiner's rejection, Jobe made his first contact with Fleming, by telephone, informing him generally of the nature of the reissue application and of the PTO rejection and asking how Fleming's alleged "oversight" occurred. In essence, per the district court, Jobe asked Fleming how he could have made the "tremendous blunder" of omitting claims specifically encompassing features of the pinch roller assembly. *Hewlett-Packard*, 692 F.Supp. at 1140, 8 USPQ2d at 1198. Fleming attempted to justify his action with the explanation, later confirmed by letter, that he was unable to get much information from Yeiser.

Jobe then prepared an affidavit for Fleming, which was submitted to the PTO. Essentially, Fleming averred that he had only limited contacts and ability to communicate with the inventor; that no one at the company where Fleming was employed, or its predecessor, provided any substantive help or guidance during prosecution of the patent application; that Yeiser sent him a single, brief memorandum to guide him on what to claim; and that claims which further define and distinguish the invention from the prior art could have been drafted and allowed had further communications and guidance been received. Although Fleming had made references to his "old file" in discussing matters with Jobe, Jobe never asked for documentation or otherwise sought confirmation of Fleming's averments.

The PTO maintained its rejection of B & L's reissue application despite the first Fleming affidavit, reiterating the same grounds as in its initial rejection. Specifically, the PTO found that the More declaration and the Fleming affidavit failed to specify an error or how, when, and why the alleged error arose. Particularly addressing Fleming's affidavit, the examiner stated:

The Fleming affidavit states that the contacts and ability to communicate with the inventor by the agent who prepared the application were significantly limited. It is acceptable on this point. It is not acceptable however as to how and by whom the scope of the subject matter claimed was determined and why.

At this point, house counsel Howard Robbins took over prosecution of the reissue. After speaking with Fleming, Robbins drafted the second Fleming affidavit. In that affidavit, Fleming averred that he had been given a "crude model of the invention" to review on only one occasion for about two hours; that the scope of the claims was determined solely by him based on this brief disclosure; that he had no discussions with Yeiser concerning the scope of the claims; and that Yeiser had sold his plotter business and was not focusing on such matters. Robbins' accompanying argument to the PTO reiterated these "facts" and that Fleming's action was "without full cognizance of what was significant in view of the art." The PTO reconsidered the original declaration, together with the two Fleming affidavits, and found them sufficient under 37 C.F.R. § 1.175. Accordingly, the PTO allowed claims 1-12 in reissue patent '684.

During discovery in this lawsuit, HP obtained notebooks which Fleming had kept from 1970-73. Those notebooks detailed Fleming's daily activities, including efforts relating to the '950 application. The entries contradicted crucial parts of the two Fleming affidavits submitted to the PTO and prompted HP to raise the affirmative defense of inequitable conduct during prosecution of the reissue.

Fleming's notebooks and other evidence established, and it is not disputed, that contrary to Fleming's averments that he and Yeiser had "limited," "infrequent"

contacts during the period of preparation and prosecution of the '950 patent, the two men had met in person, spoken on the telephone, or exchanged correspondence many (67) times in that time frame. Contrary to Fleming's averment that the single memorandum from Yeiser was his "only guidance" on what to claim, the two met to review the patent application and discussed prior art as well as claim strategies. As the district court pointedly summed up the situation:

All these contacts contradict and destroy the validity of Fleming's statement regarding his contacts with Yeiser and [Fleming's] wholly unaided hand in fashioning the scope of the claims.

Id. at 1128, 8 USPQ2d at 1188. In addition, Fleming in fact had numerous recorded contacts (53) with Tarrantino, president of the inventor's employer. His communications with the clients were never "cut off". The second affidavit, like the first, contains blatant misstatements.

The record is unchallenged that the scenario B & L presented to the PTO, that Fleming misunderstood the invention and did the best he could on his own to draft the claims, contained not merely technical misstatements, but pure fiction. Moreover, Fleming's own handwritten notes show that he had discovered his notebooks and consulted them before the PTO issued the '684 patent. The letter to Jobe from Fleming in which Fleming referenced his notebooks negates B & L's basic position during trial that neither B & L nor Fleming knew the notebooks existed until after this litigation began.

Other details of the prosecution of the reissue application appear in the district court's opinions. The above recount, however, gives the flavor of the factual basis

for the district court's holdings of invalidity and unenforceability.

IV

INEQUITABLE CONDUCT

We address the issue of inequitable conduct first because, if affirmed, it would be dispositive. B & L's appeal raises the question of whether the district court resolved the matter of inequitable conduct under the correct legal standard. More particularly, B & L argues that the district court found only gross negligence in its conduct, which is insufficient, as a matter of law, to sustain the court's ruling.⁵

From a close reading of the district court's rulings, we conclude that the court misunderstood our precedent with respect to the correct legal standard for resolving the issue of inequitable conduct. The district court did not have the benefit of the recent clarification by this court in *Kingsdown*, which explained that a finding of gross negligence in itself is insufficient to support a holding of inequitable conduct. *Kingsdown*, 863 F.2d at 876-77, 9 USPQ2d at 1392.

Inequitable conduct requires a finding of an intent to mislead or deceive the PTO. Such intent usually can only be found as a matter of inference from circumstantial evidence. See, e.g., *Klein v. Peterson*, 866 F.2d 412, 415, 9 USPQ2d 1558, 1560 (Fed.Cir.) ("circumstantial evidence

⁵Although B & L also argues that it was not grossly negligent, we are unpersuaded that the explicit finding of the court to the contrary is clearly erroneous. Moreover, we agree with the court that the mistakes in the affidavits were material in that "but for" those misrepresentations, the PTO would not have granted the reissue application.

may permit an inference of intent"), *cert. denied*, ____ U.S. ____, 109 S.Ct. 2432, 104 L.Ed.2d 989 (1989). Although the proof of gross negligence may be circumstantial evidence which gives rise to an inference of intent to mislead in some instances, the label "gross negligence" covers too wide a range of culpable conduct to create such an inference in all cases. Thus, grossly negligent conduct may or may not compel an inference of an intent to mislead. Such an inference depends upon the totality of the circumstances, including the nature and level of culpability of the conduct and the absence or presence of affirmative evidence of good faith. *See Kingsdown*, 863 F.2d at 876, 9 USPQ2d at 1392.

Although the district court here characterized B & L's conduct as evidencing a "[s]tudied ignorance" of the facts and a "reckless indifference" to the truth, and further noted the complete absence of evidence of good faith (circumstances we have held may give rise to an inference of wrongful intent, *see FMC Corp. v. Hennessy Indus., Inc.*, 836 F.2d 521, 526 n. 6, 5 USPQ2d 1272, 1275 n. 6 (Fed.Cir.1987)), the district court did not actually make a finding that B & L intended to mislead the PTO. Relying on earlier precedent of this court, *e.g.*, *J.P. Stevens Co. v. Lex Tex, Ltd.*, 747 F.2d 1553, 1560, 223 USPQ 1089, 1092 (Fed.Cir.1984), the district court apparently understood that it was unnecessary to go beyond a finding of gross negligence. That understanding was legal error. A finding of intent to mislead is necessary.

The Supreme Court in *Pullman-Standard v. Swint*, 456 U.S. 273, 291, 102 S.Ct. 1781, 1791, 72 L.Ed.2d 66, (1982) has instructed:

"When an appellate court discerns that a district court has failed to make a finding because of an erroneous view of the law, the usual rule is that there

should be a remand for further proceedings to permit the trial court to make the missing findings, . . .”

In accordance with that general rule, we vacate the court’s judgment on inequitable conduct and remand for the district court to provide the “missing finding” of intent or no intent and to enter a new judgment on the issue of inequitable conduct.⁶

In this connection, we reject B & L’s argument that a finding of actual fraud must be made to render the claims (1-9) carried over from the original patent unenforceable. Although B & L is correct that an extremely high level of misconduct, actual fraud, is necessary to sustain a *Walker Process* antitrust claim, that argument misses the mark. See *In re Clark*, 522 F.2d 623, 628, 187 USPQ 209, 213 (CCPA 1975) (although the proved misconduct was not fraud under *Walker Process*, it was inequitable and sufficient to reject all claims in reissue application). When a party seeks to collect monetary damages from a patentee because of alleged violations of the antitrust laws, it is appropriate to require a higher degree of misconduct for that damage award than when a party asserts only a defense against an infringement claim. See *Argus Chem. Corp. v. Fibre Glass-Evercoat Co.*, 812 F.2d 1381, 1386-87, 1 USPQ2d 1971, 1975-76 (Fed. Cir. 1987) (Nies, J., filing additional views); accord *Jackson Jordan, Inc. v. Plasser*

⁶HP cross appeals from the denial of its request for an award of attorney fees under 35 U.S.C. § 285 (1982), claiming the court’s inequitable conduct holding entitled it to such an award. Our precedent does not support HP’s position. An award of attorney fees does not follow automatically from a holding of inequitable conduct. See, e.g., *Reactive Metals & Alloys Corp. v. ESM, Inc.*, 769 F.2d 1578, 1582, 226 USPQ 821, 824 (Fed.Cir.1985) (“even though inequitable conduct before the PTO is found, fees may be refused”). In any event, that holding having been vacated, HP’s appeal is rendered moot.

Am. Corp., 219 USPQ 922, 933-34 (E.D.Va. 1983), *aff'd in pertinent part, rev'd in part, vacated in part*, 747 F.2d 1567, 224 USPQ 1 (Fed.Cir.1984). A successful defense of inequitable conduct during reissue is not comparable to asserting a *Walker Process* claim against a patentee.

Moreover, in *Kingsdown*, we reaffirmed that, when inequitable conduct is found, all claims of the patent are rendered unenforceable, not merely those claims directly affected by the misconduct. *Kingsdown*, 863 F.2d at 877, 9 USPQ2d at 1392. We are unpersuaded that a different consequence should follow when the inequitable conduct occurs during reissue proceedings rather than during original prosecution. *Accord Kearney & Trecker Corp. v. Giddings & Lewis, Inc.*, 452 F.2d 579, 594, 171 USPQ 650, 662 (7th Cir.1971) (finding inequitable conduct during reissue, held that "the facts call for nothing less than a complete denial of enforceability of *any* of the claims acquired by reissue") (emphasis added), *cert. denied*, 405 U.S. 1066, 92 S.Ct. 1500, 31 L.Ed.2d 796 (1972).

Reissue is essentially a reprosecution of all claims. For example, original claims which a patentee wants to maintain unchanged may nevertheless be rejected on any statutory ground. *See* 35 U.S.C. § 251 ("[t]he provisions of this title relating to applications for patent shall be applicable to applications for reissue of a patent"); 37 C.F.R. § 1.176 (1988) (reissue application "examined in the same manner as original applications"); *In re Doyle*, 482 F.2d 1385, 1392, 179 USPQ 227, 232-33 (CCPA 1973) (original claims held invalid under section 112 during reissue), *cert. denied*, 416 U.S. 935, 94 S.Ct. 1933, 40 L.Ed.2d 286 (1974); United States Patent & Trademark Office, *Manual of Patent Examining Procedure* § 1440 (5th ed. 1983 & 1987 rev. 6) (an original claim "will be fully examined in the same manner subject to the same rules

relating thereto, as if being presented for the first time in an original application"). In sum, we conclude that, with respect to inequitable conduct, it is appropriate to give the same extent of unenforceability to a reissue patent as to an original patent and that the same level of misconduct is required in both instances.⁷ Thus, if the district court concludes, on remand, that the record establishes inequitable conduct, all claims are rendered unenforceable.

V

VALIDITY

A. *Reissue Claims 10-12 Are Invalid*

Even before specific provisions were included in the patent statute for correcting defective patents, Chief Justice Marshall, in *Grant v. Raymond*, 31 U.S. (6 Pet.) 218, 244, 8 L.Ed. 376 (1832), articulated the principle that a defective patent was an inadequate exchange for the patentee's disclosure of an invention and that a new patent should be issued, in appropriate circumstances, which secures to the patentee the benefits which the law intended. The circumstances under which reissue is permissible are now set forth in 35 U.S.C. § 251, which provides in pertinent part:

Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inopera-

⁷It is well settled that, in the reverse case of inequitable conduct during prosecution of the original application, reissue is not available to obtain new claims and thereby rehabilitate the patent. See, e.g., *In re Clark*, 522 F.2d 623, 627, 187 USPQ 209, 213 (CCPA 1975) (reissue unavailable to rescue patentee who committed inequitable conduct during original prosecution).

tive or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

B & L argues that an "error" is present, within the meaning of section 251, if it can be discerned from the patent specification, claims, and prosecution history that the patentee could have included a narrower claim, unless there is evidence that such "omission" was intentional. The omission of narrower claims 10-12, per B & L, also falls within the statutory language that the patentee claimed "less than he had a right to claim."

The district court found that the facts in the Fleming affidavits were essential to reissue and that without those facts, which turned out to be "grossly inaccurate," there was no error warranting reissue. Conversely, B & L asserts that More's original declaration established "reissuable error" and that the Fleming affidavits were both unnecessary and wrong only in immaterial details. Our precedent rejects B & L's simplistic interpretation of the reissue statute with respect to what constitutes error under section 251.

As explained *In re Wilder*, 736 F.2d 1516, 222 USPQ 369 (Fed.Cir.1984), *cert. denied*, 469 U.S. 1209, 105 S.Ct. 1173, 84 L.Ed.2d 323 (1985):

There are two distinct statutory requirements that a reissue oath or declaration must satisfy. First, it

must state that the patent is defective or partly inoperative or invalid because of defects in the specification or drawing, or because the patentee has claimed more or less than he is entitled to. Second, the applicant must allege that the defective, inoperative, or invalid patent arose through error without deceptive intent.

Id. at 1518, 222 USPQ at 370; *see also In re Wesseler*, 54 C.C.P.A. 735, 367 F.2d 838, 847-48, 151 USPQ 339, 346-47 (1966). In sum, the statutorily required "error" of section 251 has two parts: (1) error in the patent, and (2) error in conduct. *See In re Clark*, 522 F.2d at 626, 187 USPQ at 212.

On the first part, the precedent of this court is that the expression "less than he had a right to claim" generally refers to the scope of a claim. *See, e.g., In re Wesseler*, 367 F.2d at 847, 151 USPQ at 346 (patentee claimed "less than he had right to claim" and sought "reissue to enlarge the scope of the patent claims"); *In re Handel*, 50 C.C.P.A. 918, 312 F.2d 943, 945-46 n. 2, 136 USPQ 460, 462 n. 2 (1963) (statutory sense of "less" is subject matter included within the claims). Thus, that provision covers the situation where the claims in the patent are narrower than the prior art would have required the patentee to claim and the patentee seeks broader claims. Conversely, the alternative that the patentee claimed "more . . . than he had a right to claim" comes into play where a claim is too broad in scope in view of the prior art or the specification and the patentee seeks narrower claims.

In this case, B & L averred that the inventor claimed "less" than he had a right to claim, which ordinarily would mean that B & L sought broader claims by reissue. But B & L did not seek broader claims; instead, B & L sought to add several dependent claims in hopes

that it could assert the patent should independent claim 1 be held invalid. Otherwise, the dependent claims add nothing to the patent's protection against infringements. Any device that infringes new claims 10-12 *ipso facto* infringes carry-over claim 1, which B & L maintains is valid. Thus, in fact, B & L is not asserting that the claims in the '684 patent are inoperative (i.e., ineffective to protect the invention) by reason of the patentee claiming either too much or too little in scope, but because he included, in a sense, *too few* claims. See *In re Handel*, 312 F.2d at 945-46 n. 2, 136 USPQ at 462 n. 2.

Although neither "more" nor "less" in the sense of scope of the claims, the practice of allowing reissue for the purpose of including narrower claims as a hedge against the possible invalidation of a broad claim has been tacitly approved, at least in dicta, in our precedent. *Id.* See also 4 E. Lipscomb, *Walker on Patents* § 14:33 at 479 (3d ed. 1986). For purposes of this case, we will assume that that practice is in accordance with the remedial purpose of the statute, although B & L clearly did not allege an "error" in the patent which meets the literal language of the statute. We need not decide here whether omission of narrow claims which more specifically cover a broadly claimed invention meets the first prong of the requirement for error, that is, error in the patent, because B & L clearly did not establish the second prong, namely, inadvertent error in conduct. Contrary to B & L's position, a reissue applicant does not make a *prima facie* case of error in conduct merely by submitting a sworn statement which parrots the statutory language.

The language of the current statute, "error without deceptive intent," replaced, but did not substantively change, the language of the prior statute, section 4916 of the Revised Statutes, 35 U.S.C. § 64 (1946), "error . . . by

inadvertence, accident, or mistake, and without fraudulent or deceptive intent." The term "error" encompasses "inadvertence, accident or mistake," and those words were eliminated as redundant. See 4 Lipscomb, *supra*, § 14.10 at 411. As explained in *Ball Corp. v. United States*, 729 F.2d 1429, 1435 & n. 9, 221 USPQ 289, 294 & n. 9 (Fed.Cir.1984):

The 1952 revision of the patent laws made no substantive change in the definition of error under section 251.... 'Error' is interpreted in the same manner as under section 64 of the old law, i.e., accident, inadvertence, or mistake.

The statutory provision has been implemented and expanded by the PTO regulations of 37 C.F.R. § 1.175, which require an oath or declaration with respect to both aspects of error under section 251 and further require an explanation as to how and when the error in conduct arose and how and when it was discovered.

B & L asserts the theory that, whenever it is apparent that narrower claims could have been obtained, error warranting reissue exists. Under B & L's theory, the dual error inquiry collapses into one because the omission of additional narrow claims not only makes the patent "defective," but also gives rise to an inference of "oversight". Were that theory correct, it is difficult to conceive of any extant patent for which a right of reissue would not exist, a view which this court has unequivocally and repeatedly rejected. For example, as explained in *In re Weiler*, 790 F.2d 1576, 229 USPQ 673 (Fed.Cir.1986), reissue is not intended to give the patentee simply a second chance to prosecute the patent application:

The reissue statute was not enacted as a panacea for all patent prosecution problems, nor as a grant to the

patentee of a second opportunity to prosecute *de novo* his original application.

Id. at 1582, 229 USPQ at 677. *Weiler* further advises:

[T]he grant of reissues [is not required] on anything and everything mentioned in a disclosure. . . . [Section] 251 does not authorize a patentee to re-present his application. Insight resulting from hindsight on the part of new counsel does not, in every case, establish error.

Id. at 1583 n. 4, 229 USPQ at 677-78 n. 4.

B & L seeks to avoid the admonitions of *Weiler* with an argument, in effect, that an error in conduct must be presumed, absent affirmative evidence that the defect in the patent which is asserted in the reissue application was intentional. For this premise, B & L relies on language in *Ball* stating that reissue was there appropriate because “there is no evidence that the [patentee] intentionally omitted or abandoned the claimed subject matter”. 729 F.2d at 1435-36, 221 USPQ at 294. In *Ball*, that analysis was *apropos*; it is not germane here. The patentee in *Ball* was seeking broader claims and an abandonment inquiry was necessary under the facts presented. B & L does not suggest circumstances which would constitute abandonment of the subject matter of the dependent claims while not, at the same time, abandoning the subject matter of the independent claim. Thus, B & L’s proposed restriction on reissue where narrower claims are sought is, in truth, no restriction at all.

Returning to the district court’s holdings, we discern no legal error in its conclusion that the original More declaration in itself was inadequate to establish error and that the supplemental Fleming affidavits were necessary. The Fleming affidavits were critical to provide the re-

quired explanation of what *his* error was and how and why it occurred.

The evidence of record establishes beyond doubt that Fleming's affidavits, in explaining why narrow claims were not included, were factually untrue. We need not repeat those errors, which are set out above and are substantially undisputed. B & L argues that the misstatements were innocent and should be ignored. Assuming that they were due only to Fleming's faulty memory, the misstatements are not thereby corrected to provide a valid assertion of error. Accordingly, the district court properly held that the factual inaccuracy of the affidavits eliminated the basis for reissue and rendered the '684 patent invalid, albeit only as to claims 10-12.

B. "Carry-Over" Claims 1-9 Remain Valid

Only claims 10-12 were added by B & L during prosecution of the reissue application. Aside from correction of a typographical error in claim 3, the original claims 1-9 of the '950 patent remained identical. HP contends that the effect of the court's holding that B & L failed to submit a valid reissue application is to render the '684 patent invalid in its entirety, that is, all claims must be held invalid. The district court noted that there was some illogic in invalidating the reissue patent and, at the same time, upholding the carry-over claims therein. The carry-over claims cannot be asserted based on the original patent, because the patent owner must surrender the original patent upon reissuance. 35 U.S.C. § 252 (1982). Logically, it would follow that B & L has no claims to enforce. Indeed, some precedent exists to support invalidation of all claims when the reissue declaration is found wanting. *See e.g., Riley v. Broadway-Hale Stores, Inc.*, 114 F.Supp. 884, 98 USPQ 433 (S.D.Cal.1953), *aff'd*, 217

F.2d 530, 103 USPQ 414 (9th Cir.1954). We agree with the district court, however, that such a result is neither compelled by the patent statute nor by the circumstances here.

There is no disagreement with the long-standing proposition that invalidation of a new claim (added during reissue) on prior art does not invalidate the other claims. *Accord Cleveland Trust Co. v. Thomas*, 1 F.Supp. 917, 920 (D.Mass.1932) ("It is settled law that the invalidity of a new claim in a reissue does not impair the validity of original claims repeated in the reissue"). Nor could there be any disagreement, for the patent statute provides: "Whenever, without any deceptive intention, a claim of a patent is invalid the remaining claims shall not thereby be rendered invalid." 35 U.S.C. § 253 (1982). That proposition offers little guidance, however, because the invalidity resulting from a defective reissue application may be viewed as affecting the entire patent and not merely any particular claim.

We find support for upholding carry-over claims in *Gage v. Herring*, 107 U.S. 640, 27 L.Ed. 601 (1883). There, the Supreme Court expressed its view that the inadequacy of the ground for reissuing a patent did not "impair the validity of the original claim which is repeated and separately stated in the reissued patent." *Id.* at 646. *Gage* is especially on point because the invalidity of the reissue claim did not turn on prior art but on the negation of a right to reissue. The patentee repeated one claim from his original patent and attempted to add a second claim by reissue, arguing that the original claim was "too much restricted." The Supreme Court held the added claim invalid because that claim was one the patentee "did not make, or suggest the possibility of, in the original patent." *Id.* Nevertheless, the Court upheld

the validity of the original claim. *See also Foxboro Co. v. Taylor Instrument Cos.*, 157 F.2d 226, 228, 70 USPQ 338, 340 (2d Cir.1946) (Hand, J.) ("we need not consider whether [the patentee] showed adequate excuse for any reissue whatever, because, even though he did not, the surrender of the original patent, resulting from the acceptance of the reissue, did not invalidate any claims which he carried over into the reissue"), *cert. denied*, 329 U.S. 800, 67 S.Ct. 494, 91 L.Ed. 684 (1947); *cf. Miller v. Brass Co.*, 104 U.S. 350, 26 L.Ed. 783 (1882) (delay in filing for broadened reissue invalidates new claim only).

We see no reason to reach a contrary result under the circumstances here. Accordingly, we affirm the district court's ruling that the lack of error warranting reissue invalidates only new claims 10-12, and not original claims 1-9.

VI

DISQUALIFICATION

Following entry of judgment, B & L brought a motion to disqualify the trial judge under 28 U.S.C. § 455(a) (1982). That section provides:

Any justice, judge, or magistrate of the United States shall disqualify himself in any proceeding in which his impartiality might reasonably be questioned.

As grounds for its motion, B & L asserted that HP's employment of the judge's son would cause a reasonable person to question the judge's impartiality. It appeals the denial of that motion. *See* 8 USPQ2d 1206.

A motion for disqualification raises a delicate matter of constitutional dimensions. As the Supreme Court has stated:

The Due Process Clause “may sometimes bar trial by judges who have no actual bias and who would do their very best to weigh the scales of justice equally between contending parties. But to perform its high function in the best way, ‘justice must satisfy the appearance of justice.’ ”

Liljeberg v. Health Servs. Acquisition Corp., ____ U.S. ____, 108 S.Ct. 2194, 2205 n. 12, 100 L.Ed.2d 855 (1988) (quoting *Aetna Life Ins. Co. v. Lavoie*, 475 U.S. 813, 825, 106 S.Ct. 1580, 1587, 89 L.Ed.2d 823 (1986)). The decision on such a motion is left, in the first instance, to the trial court’s discretion. The Ninth Circuit Court of Appeals then reviews the trial court’s decision under an abuse of discretion standard.⁸ See, e.g., *United States v. Monaco*, 852 F.2d 1143, 1147 (9th Cir.1988), *cert. denied*, ____ U.S. ____, 109 S.Ct. 864, 102 L.Ed.2d 988 (1989). Under that standard, we must ask not whether we would have decided as did the trial court, but whether its decision represents “a clear error of judgment.” *Zepeda v. I.N.S.*, 753 F.2d 719, 725 (9th Cir.1983).

In enacting section 455(a), Congress created an objective standard under which disqualification of a judge is required when a reasonable person, knowing *all* the facts, would question the judge’s impartiality. *Liljeberg*, 108

⁸ A motion to vacate a judgment based on disqualification of a trial judge is a matter unrelated to patent law. Accordingly, we follow the law of the regional circuit in which the district court sits, here the Ninth Circuit. *Polaroid Corp. v. Eastman Kodak Co.*, 867 F.2d 1415, 1419 n. 11, 9 USPQ2d 1877, 1880 n. 11 (Fed. Cir.), *cert. denied*, ____ U.S. ____, 109 S.Ct. 1956, 104 L.Ed.2d 425 (1989).

S.Ct. at 2201 n. 7; *United States v. Nelson*, 718 F.2d 315, 321 (9th Cir. 1983) ("The test for disqualification under section 455(a) is an objective one: whether a reasonable person with knowledge of all the facts would conclude that the judge's impartiality might reasonably be questioned."); 13A C. Wright, A. Miller & E. Cooper, *Federal Practice & Procedure: Jurisdiction* § 3549 at 612 (1984). Although that standard is a relatively vague and flexible ground upon which to decide a question of constitutional import, the Supreme Court has provided a starting point for applying it: "it is critically important . . . to identify the facts that might reasonably cause an objective observer to question [the judge's] impartiality." *Liljeberg*, 108 S.Ct. at 2205.

B & L asserts a number of "facts" which it claims require disqualification: (1) HP has employed the judge's son for the past fifteen years and such employment continued throughout and following the lawsuit; (2) the judge (allegedly) "concealed" the son's employment relationship with HP; (3) HP's own employee raised a concern about the relationship; (4) articles appeared in various newspapers questioning the judge's impartiality in view of the relationship; (5) HP only recently disclosed the employment relationship to B & L; (6) the litigation is of "enormous" significance to HP; (7) HP "thwarted" B & L's attempts to learn the details of the employment relationship; and (8) HP (allegedly) filed suit specifically because it was likely the parent of an employee would preside.

As an initial matter, B & L's asserted "facts" pertaining to how HP handled the litigation are not attributable to the judge and, thus, are irrelevant to the merits of disqualification. See *United States v. Wolfson*, 558 F.2d 59, 62 (2d Cir.1977) (party's conduct during litigation only

establishes party's feelings toward judge, not the reverse required under section 455); *accord Sheet Metal Workers Int'l Ass'n Local Union No. 162 v. B.J. Heating & Air Conditioning*, 695 F.Supp. 485, 487 (E.D.Cal.1987) (contention under section 455(a) that conduct of party in proffering evidence during litigation caused court to lose appearance of impartiality denied as "absurd" and "simply devoid of any merit whatsoever"). Accordingly, the final four items listed above do not further B & L's motion.

We now turn to address whether the four pertinent items above, when considered together with the additional facts of record, render the trial court's non-recusal decision a clear error of judgment. B & L asserts that courts have treated the fact that a judge's offspring is employed by a litigant "virtually as if it were a *per se* basis for disqualification." Our reading of the cases does not support that assertion. *See, e.g., In re Fox West Coast Theatres*, 88 F.2d 212, 226 (9th Cir.) (even if judge's son were employed by bankrupt, that fact would not disqualify judge from hearing bankruptcy proceedings), *cert. denied*, 301 U.S. 710, 57 S.Ct. 944, 81 L.Ed. 1363 (1937). *Cf. United States v. Equifax, Inc.*, 557 F.2d 456, 463-64 (5th Cir.1977) (section 455(a) did not require recusal when judge's son was associate of law firm representing defendant), *cert. denied*, 434 U.S. 1035, 98 S.Ct. 768, 54 L.Ed.2d 782 (1978); *Voltmann v. United Fruit Co.*, 147 F.2d 514, 517 (2d Cir.1945) (no disqualification though judge's son-in-law member of firm representing defendant).

[17] In refusing to require disqualification where the trial judge's son had represented one of the litigants in a separate transaction, the Seventh Circuit Court of Appeals recently stated:

The risk to the impartiality of the judge is too small, and the risk of manipulation by litigants too large, to treat parent and child as one. A judge who cannot be expected to remain impartial through trivial matters such as this should not be sitting even when his family is unaffected.

In re National Union Fire Ins. Co., 839 F.2d 1226, 1230 (7th Cir.1988). We do not mean to imply that employment by a litigant of a judge's offspring does not raise a serious question of impartiality. It is merely one factor to consider, however, and does not alone mandate disqualification.

Here, other facts mollify the situation. The HP plant, which employs the son, is not involved with X-Y plotters. He is employed as a Materials Handling Supervisor, a non-management position without a policymaking role, as one of 83,000 HP employees. The record indicates that a judgment adverse to HP in this case will neither affect the son's employment status nor his financial interest (he participates, as all HP employees with six month's continuous employment automatically do, in HP's profit sharing plan) in the company.

Moreover, contrary to B & L's understanding, the trial judge was not required to disclose to B & L that the son was employed by HP. Counsels' approval to preside was unnecessary. Indeed, some authorities indicate that seeking such approval is inappropriate, reasoning:

[A] federal judge should reach his own determination as to whether he should recuse himself from a particular case, without calling upon counsel to express their views as to the desirability of his remaining in the case. The too frequent practice of advising counsel of a possible conflict, and asking counsel to

indicate their approval of a judge's remaining in a particular case is fraught with potential coercive elements which make this practice undesirable.

Resolution L of The Judicial Conference of the United States, *Interest in Litigation* (adopted Oct. 1971). *See also National Union*, 839 F.2d at 1231 ("Judges should refrain from asking for the views of counsel on these questions.") (citing Resolution L).

The fact that an HP employee felt impelled, at an HP meeting, to offer his knowledge that HP employed the judge's son also does not mandate reversal. The standard is what a reasonable person would believe in view of *all* the facts. The record fails to show that the employee knew any facts beyond the existence of an employment relationship. Such a relationship raises the question, but provides no answer. *See In re City of Detroit*, 828 F.2d 1160, 1168 (6th Cir.1987) (affidavit of five people asserting belief judge's impartiality might reasonably be questioned not "legally sufficient" to require disqualification).

B & L points out that the press questioned the trial judge's non-recusal in this case in several articles. Such articles provide, per B & L, actual evidence that reasonable observers *did* question the court's impartiality. Without anything in the record to establish how those articles came to be written, however, they are not persuasive of B & L's premise. *See, e.g., In re City of Detroit*, 828 F.2d at 1168 ("articles cited by the city do not necessarily mean that the *public* believes [the] Judge . . . is biased") (emphasis added); *In re United States*, 666 F.2d 690, 695 (1st Cir.1981) ("to the extent that the doubts were created by representations of the press shown to be not grounded in fact, they cannot require disqualification").

Finally, the record indicates that, in a separate case between the same parties recently conducted *before* the present litigation, the trial judge ruled *for B & L*, and *against HP*. Further, the judge has recused from several cases involving other litigants when persuasive reasons required that action.

Accordingly, we affirm the denial of B & L's motion to vacate the judgement.

VII

CONCLUSION

In sum, the district court's orders from which B & L appeals are affirmed in all respects except that portion of its order holding B & L guilty of inequitable conduct before the PTO and its '684 patent consequently unenforceable. We vacate that portion of the court's order and remand for it to reconsider the issue of intent. In view of the remand, the court's order denying HP attorney fees, from which HP appeals, is moot. Accordingly, that order is also vacated.

COSTS

Each party shall bear its own costs.

AFFIRMED-IN-PART, VACATED-IN-PART, AND
REMANDED.

NO. C84-20642 RPA
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

HEWLETT-PACKARD COMPANY,
Plaintiff,

VS.

BAUSCH & LOMB, INC.,
Defendant.

**ORDER RE AFFIRMATIVE DEFENSE
OF INEQUITABLE CONDUCT**

Filed May 18, 1988

I.

INTRODUCTION.

This action went to trial on April 5, 1988. the case involves a suit by plaintiff Hewlett-Packard Company ("HP") for a judicial declaration that it has not infringed defendant Bausch & Lomb, Inc.'s ("B&L") United States Reissue Patent No. 31,684 (the "Yeiser reissue patent"). B&L has counterclaimed for infringement. In support of its position, HP has raised the affirmative defense of inequitable conduct. Specifically, HP contends that B&L committed inequitable conduct before the patent office in procuring the Yeiser reissue patent. This alleged inequitable conduct primarily consisted of the submission of two declarations and two affidavits in support of the reissue application which B&L knew (or absent grossly negligent conduct, should have known) contained blatantly false information.

Shortly before trial, HP filed a motion for summary judgment arguing that because the two affidavits submit-

ted by B&L in obtaining the Yeiser reissue patent were false and were essential to the patent examiner's ruling, the reissue patent is invalid. The motion was granted from the bench on March 18, 1988. The Court ruled that Yeiser reissue patent claims 10-12 were invalid due to the falsity of the affidavits, but the Court refused at that point to nullify claims 1-9 of the reissue patent which were carried over substantially unchanged from the original and untainted patent application. On that same day, the Court *sua sponte* asked the parties to brief the issue of whether and under what circumstances a district court could nullify all the claims of a reissue patent in light of egregious misrepresentations contained in materials supporting an application for a reissue patent.

After a two week briefing schedule, on April 1, 1988, the Court heard oral argument on the motion for summary judgment as against claims 1-9 of the reissue patent. At the conclusion of the argument, the Court denied the motion for summary judgment finding that there remained a triable issue of material fact. Specifically, there remained a factual question whether B&L intentionally deceived the United States Patent and Trademark Office ("PTO") or was grossly negligent in seeking and gaining the Yeiser reissue patent.

Subsequently, on the morning of the opening day of trial, April 5, 1988, the Court issued a brief order stating its rulings on the various motions raised by the parties and setting forth the schedule for trial. In the order, the Court stated that a fuller explanation of the bases of its rulings would issue at the conclusion of the trial of HP's affirmative defense of inequitable conduct by B&L in obtaining the Yeiser reissue patent. In the sections that follow, the Court will set forth its findings and analysis in connection with its prior rulings; will describe the legal

issue presented by HP's affirmative defense of inequitable conduct vis-a-vis the reissue application; and will make findings of fact and state conclusions of law with respect to the merits of HP's assertion of inequitable conduct against B&L. As explained below, the Court will declare unenforceable all remaining claims of the Yeiser reissue patent because of B&L's inequitable conduct before the PTO.

II.

HP'S MOTION FOR SUMMARY JUDGMENT BASED ON B&L'S FAILURE TO COMPLY WITH THE "REISSUE OATH OR DECLARATION" REQUIREMENT.

(A) *Preface:*

In this motion, HP seeks a judicial declaration that the Yeiser reissue patent is invalid.¹ The alleged basis for invalidity is that B&L made factually incorrect representations to the patent examiner when seeking a reissue of its original patent. Because the representations were incorrect, as proved by later evidence which was submitted to the Court in connection with this motion, HP contends that the representations should be ignored. Absent the representations, B&L cannot be said to have complied with the regulations regarding reissue applications because B&L did not present evidence to the patent examiner explaining why and how the original patent application was flawed. Without such evidence, the patent examiner could not have authorized the reissue applica-

¹For a discussion of the semantic distinction between "unenforceability" and "invalidity," see *J.P. Stevens & Co., Inc. v. Lex Tex Ltd., Inc.*, 747 F.2d 1553, 1560-61 (Fed.Cir.1984).

tion and, therefore, the Yeiser reissue patent is invalid as a matter of law.

B&L's defense to this motion is two-fold. First, B&L argues that as a matter of law the nine claims of the original patent which are identical to and not affected by the reissue application should not be nullified.² Second, B&L contends that there are material issues of fact regarding the alleged misrepresentations as they affect the three claims added by the reissue patent application.

(B) *An Overview of the Reissue Process:*

Reissue is one of four ways that a defective patent may be remedied. The other three ways are (1) by the issuance of a certificate of correction, (2) by disclaimer, and (3) by reexamination. See *Manual of Patent Examining Procedure* (5th ed. 1983) at 1400-1. The most common grounds for seeking to reissue a patent are (1) claims are too narrow or too broad; (2) the disclosure contains inaccuracies; (3) applicant failed to or incorrectly claimed foreign priority; and (4) applicant failed to make reference to or incorrectly made reference to prior co-pending applications. *Id.*

The framework and procedure for the reissue of patents such as the Yeiser reissue patent in this case is governed by statute. The key patent reissue statute is 35 U.S.C. § 251 which provides in relevant part.

²During reissue, the patent examiner required B&L to correct a typographical error in claim 3. This alteration did not affect the substantive identity between the original claim 3 and reissue claim 3. *Slimfold Mfg. Co. v. Kinkead Industries*, 810 F.2d 1113, 1115 (Fed.Cir.1987). All other claims remained identical in both applications.

Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

The concept employed in the reissue statute is that the inventor takes his patent to the patent examiner for a second look to clarify and amend any deficiencies. *See In Re Weiler*, 790 F.2d 1576, 1579 (Fed.Cir.1986) ("Congress provided a statutory basis for correction of "error" "). A clear explanation of this process is provided in the following passage from *Bally Mfg. Corp. v. Diamond*, 629 F.2d 955, 957 (4th Cir. 1980):

The reissue process traditionally has provided a mechanism whereby an inventor who, through error and without any deceptive intention, has been granted a defective patent, may obtain a valid patent conforming to the true scope of his invention. Ordinarily, the patentee submits his previously issued patent, 37 CFR § 1.178, and files an affidavit stating the reason he believes it to be wholly or partly invalid, 37 CFR § 1.175. He also is required to file a reissue application containing the entire specification and claims of the original patent, with proposed deletions bracketed and proposed additions underlined, 37 CFR § 1.173. A patent examiner reexamines all claims included in the reissue application as if

they were presented in an original application, 37 CFR § 1.176. If he finds the previously issued patent "wholly or partly inoperative or invalid", 35 USC § 251, the examiner determines whether the applicant is entitled to a patent under the reissue claims. If a reissue is refused, whether because the previously issued patent is entirely valid or because the reissue claims do not describe a patentable invention, the original patent will be returned to the applicant upon his request, 37 CFR § 1.178. Reissue patents are entitled to the same presumption of validity as original patents. [citations omitted]

See also 4 Lipscomb's *Walker on Patents* (3d ed. 1985) § 14.1.

The actual procedure used in reissuing patents is contained in the Code of Federal Regulations. See 35 C.F.R. §§ 1.171-1.179 (July 1987). The current regulations are slightly different than those in effect at the time that B&L made its reissue application. As suggested above in the case of *Bally Mfg. Corp.*, 629 F.2d 955 (4th Cir. 1980), in seeking a reissue patent the inventor is basically initiating anew the patent process, starting with his original patent, indicating its errors, and applying to make specific corrections. One aspect of the reissue process that is unique, however, is the inclusion of a reissue oath or declaration by the applicant stating specific details regarding the grounds for seeking a reissue. At the time of B&L's application, the regulations regarding the oath or declaration read as follows:

§ 1.175 Reissue oath or declaration.

- (a) Applicants for reissue, in addition to complying with the requirements of the first sentence of § 1.65,

must also file with their applications a statement under oath or declaration as follows:

(1) When the applicant verily believes the original patent to be wholly or partly inoperative or invalid, stating such belief and the reasons why.

(2) When it is claimed that such patent is so inoperative or invalid "by reason of a defective specification or drawing," particularly specifying such defects.

(3) When it is claimed that such patent is inoperative or invalid "by reason of the patentee claiming more or less than he had the right to claim in the patent," distinctly specifying the excess or insufficiency in the claims.

(4) [Reserved]

(5) Particularly specifying the errors relied upon, and how they arose or occurred.

(6) Stating that said errors arose "without any deceptive intention" on the part of the applicant.

(7) Acknowledging a duty to disclose information applicant is aware of which is material to the examination of the application.

(b) Corroborating affidavits or declarations of others may be filed and the examiner may, in any case, require additional information or affidavits or declarations concerning the application for reissue and its object.³

³An exegesis of the oath requirement is contained in the *Manual of Patent Examining Procedure* (the "MPEP") which is published by the United States Patent and Trademark Office and serves as the authoritative reference for patent examiners and others working in

(C) The Legal Authority to Invalidate a Reissue Patent For Failure to Comply With Regulatory Standards:

HP's argument in this motion is that the Yeiser reissue patent is invalid because it was based on factual misstatements or misrepresentations made in the statements provided in satisfaction of 37 C.F.R. § 1.175. The critical statements provided to the patent examiner in support of the reissue application were two affidavits of the original patent agent, Lawrence Fleming.⁴ The patent examiner

the field. The relevant text of the MPEP as it existed at the time B&L pursued their reissue application stated:

1414.03 Requirements of § 1.175(a) (5)

All reissue oaths or declarations must comply with subsection 1.175(a) (5) . . . by "particularly specifying the errors . . . relied upon, and how they arose or occurred." Subsection 1.175(1) (5) has two specific requirements, both of which must be complied within, or by, the reissue oath or declaration. This subsection requires applicant to particularly specify (1) "the errors . . . relied upon" and (2) "how they arose or occurred."

* * *

It is particularly important that the reissue oath or declaration specify in detail how the errors . . . arose or occurred. "How" includes when and under what circumstances the errors . . . arose or occurred. This means that the reissue oath or declaration must specify the manner in which "... errors" "arose or occurred." . . . If the reissue oath or declaration does not particularly specify "how," i.e., the manner in which . . . errors arose or occurred, the Office will be unable to adequately evaluate reissue applicant's statement in compliance with § 1.175(a) (6) that the "errors . . . arose 'without any deceptive intention' on the part of the applicant" [.]

⁴John Yeiser was the inventor of the "X-Y Plotter" described in U.S. Patent No. 3,761,950 (the '950 patent). At the time he conceived of the subject matter of the '950 patent, Yeiser was a principal in a business which made and sold strip chart recorders and X-Y recorders. Yeiser filed his application for a patent in August 1970. During

relied on these affidavits to reissue the patent. However, HP now contends that discovery has disclosed that all material statements made in the Fleming affidavits were erroneous.

Absent these factual misstatements, B&L had nothing of substance to report to the patent examiner. Without evidence explaining how the asserted error arose or occurred, B&L failed to satisfy the reissue oath regulations. HP succinctly stated this logic in one section of its moving brief:

To decide the present motion, this Court need investigate *only* the limited issue of whether the Fleming affidavits misstated material facts as to how the error arose or occurred. An affirmative finding on that issue means that there were *no facts* in the PTO record in support of the defective reissue Declaration upon which the examiner could have made the mandated determination that the Yeiser reissue application was proper. Consequently, under the applicable rule of law, the PTO was without authority to grant the reissue, and the Yeiser reissue patent is void.

HP Moving Brief at 4 (emphasis in original).

B&L counters this argument with several contentions of its own. First, B&L asserts that there is no precedential support for judicial nullification of a reissue patent

the pendency of the patent application, Yeiser's business relationship changed and the patent was issued to the Milton Roy Company of St. Petersburg, Florida, on September 25, 1973. In May 1982, B&L bought the '950 patent from the Milton Roy Company for \$30,000. On November 15, 1982, B&L filed an application with the PTO for a reissue of the '950 patent. After a protracted proceeding that is more fully discussed below, the Yeiser reissue patent was granted on September 25, 1984.

for lack of satisfaction of the oath/declaration requirement. This assertion is wrong, as demonstrated by the cases cited by HP. In *Application of Wittry*, 489 F.2d 1299, 1303 (C.C.P.A. 1974), the predecessor of the Federal Circuit affirmed the denial of a reissue patent on the ground of "insufficiency of the reissue declarations." HP also cites five other cases in support of the proposition that a court may declare a reissue patent void for failure to comply with the requirements attendant to the reissue statute or regulations. *Union Switch & Signal Co. v. Louisville Frog, Switch & Signal Co.*, 73 F.2d 550 (6th Cir. 1934); *Firestone Tire & Rubber Co. v. United States Rubber Co.*, 79 F.2d 948 (6th Cir. 1935), *cert. denied*, 298 U.S. 679 (1936); *General Radio Co. v. Allen B. DuMont Laboratories, Inc.*, 129 F.2d 608 (3d Cir. 1942); *cert. denied*, 317 U.S. 654 (1942); *Dill Mfg. Co. v. J.W. Speaker Corp.*, 83 F.Supp. 21 (E.D. Wis. 1949) *aff'd.*, 179 F.2d 279 (7th Cir.), *cert. denied*, 340 U.S. 818 (1950). These cases are not particularly recent, but they do support HP's position.

Aside from the litany of cases discussing the particular problem, it makes sense that a court should be able to invalidate a reissue patent if it was improvidently granted. This is certainly true when an original patent is found to be procured as a result of fraud or inequitable conduct, or when the patent was issued despite a failure to satisfy the statutory requirements, such as non-obviousness. *See, e.g., Graham v. John Deere Co.*, 383 U.S. 1 (1966); *State Industries, Inc. v. Rheem Mfg. Co.*, 769 F.2d 762, 764 (Fed. Cir. 1985). The same must be true with respect to reissue patents. Inequitable conduct implicating a material aspect of a reissue application is grounds for nullification of a patent. *See, e.g., Keystone Driller Co. v. General Excavator Co.*, 290 U.S. 240 (1933); *State*

Industries, Inc. v. Rheem Mfg. Co., 769 F.2d 762, 764 (Fed. Cir. 1985).

Similarly, if the standards of the statute or implementing regulations are not met, "section 251 stands as a statutory bar to reissuance of claims, just as sections 102 and 103 might stand as a bar to the issuance of claims." *Digital Equipment Corp. v. Diamond*, 653 F.2d 701, 710 (1st Cir. 1981). On review, a district court must have the authority to enforce the statutory bar of § 251 in the same degree as it enforces the bars to patent validity articulated in § 102 (dealing with novelty and loss of right to patent) and § 103 (dealing with non-obviousness of subject matter). Thus, this Court has the authority to review a reissue patent for purposes of determining its validity in light of alleged deficiencies or improprieties in its procurement.

The next question is the character of the district court's review of the validity of the reissue patent. As quoted earlier, HP's argument is that once the Court finds that Mr. Fleming's affidavits are factually erroneous, and concludes that there was no basis in the record before the patent examiner for granting the reissue application, the Yeiser reissue patent should be declared invalid. B&L offers a clever rejoinder. B&L contends that the very cases cited by HP establish that the district court must determine on the merits whether there was reissuable error. In other words, even if the reissue application itself was deficient, are there facts going to show that there was an error that formed a legitimate basis for a reissue application?

In support of its assertion, B&L relies on a passage from the Third Circuit's opinion in *General Radio Co.*:

Whether the error relied upon in support of an application for reissue was due to inadvertence, accident or mistake is of course a question of fact for determination by the commissioner. [footnote omitted] By granting the reissue patent the commissioner must be deemed to have found the fact in favor of the applicant. However, where there is an entire absence of evidence, it is the duty of the court to review and correct the error.

129 F.2d at 612, citing *Union Switch*, 73 F.2d 550 (6th Cir. 1934).

Upon first glance, this quotation seems to support B&L's position that even if the Fleming affidavits are eliminated as erroneous or false, the Court still must make an independent determination now of whether there were grounds for a reissue error under 35 U.S.C. § 251.⁵ However, B&L is incorrect for reasons that it itself has pointed out. B&L has argued that all of the cases cited by HP, including *General Radio*, involve "reissue oaths or declarations [that] literally were bald assertions of reissuable "error." *B&L Opposition Brief* at 16. (emphasis in original). In contrast, the patent examiner in this case did not have "an entire absence of evidence" to determine whether a reissue error existed — he had the affidavits of Mr. Fleming which were not devoid of specifics. Indeed, B&L vociferously argues this point late in its brief. See *Opposition Brief* at 28 (section entitled "The Fleming

⁵B&L contends: "Only after the court sustains the defense on the merits can it be said that, had the same facts been presented to the Commissioner, no authority would have existed for [re]issuing the patent." *B&L Opposition Brief* at 18.

Affidavits Would Have Been Adequate With Far Less Detail"). Thus, unlike the oath in *General Radio*, the affidavits in this case did contain some specifics and the above language in *General Radio* is not applicable to this case.

In addition, the court in *General Radio* was reviewing a reissue patent that had been granted despite "an entire absence of evidence." 129 F.2d at 612. Yet by granting the reissue, "the commissioner must be deemed to have found the facts in favor of the applicant." *Id.* In such circumstances, the court stated that it had the duty of attempting to ascertain what those facts were that presumably supported the applicant and formed the basis of the reissue approval. In essence, this is an expression of deference to the Commissioner of Patents and Trademarks, *i.e.*, the court will not strike down a reissue patent until it has scrutinized the evidentiary basis for the patent examiner's decision.

In this case, there is no mystery about the nature of the evidence that formed the basis of the patent examiner's decision. It is clear that Mr. Fleming's affidavits were crucial evidence upon which the patent examiner relied in making his determination. In reviewing the reissue patent, a court need only consider the evidence that was before the patent examiner. In this case, that evidence consists primarily of Fleming's affidavits. Hence, B&L's reliance on *General Radio* is misplaced, for the decision squarely supports HP's position.

Aside from its case-law argument, B&L offers one other point of resistance to HP's logic. B&L contends the cases cited by HP are distinguishable from and their logic inapplicable to this case because none of the cases involve a situation wherein the reissue oaths or declarations appeared adequate on their face. Although not spelled out

clearly, B&L appears to argue that once a *prima facie* case of a valid oath is established, then the patent examiner had the authority to grant the reissue application. According to B&L, in litigation contesting the validity of the reissue patent, the challenger has the burden of showing that on the true state of facts, a reissuable error did not exist. Thus, HP would have the burden here of establishing that as a matter of fact there were no grounds for the patent examiner's conclusion to grant the reissue patent.

Despite its sophistication, there are two major problems with B&L's argument. First, there is no case law or clear statutory law supporting this position. This silence speaks for itself. Second, B&L has confused the allocation of the burden of proof relative to the issue of invalidity.

As the regulations make clear and as expressed in the cases, the applicant "who wishes to obtain the benefits of the reissue statute must make a specific showing of the circumstances" that led to the error. *General Radio*, 129 F.2d at 612; *see also* 35 C.F.R. § 1.171 ("An application for reissue must . . . comply with the requirements of the rules relating to reissue applications.") The burden in the first instance is on the applicant properly to obtain a reissue patent, the same as it was on the applicant in originally procuring a patent. Once a patent is issued, the burden is on the challenger to establish invalidity by "clear and convincing evidence." *Fromson v. Advance Offset Plate, Inc.*, 755 F.2d 1549, 1555 (Fed. Cir. 1985); 35 U.S.C. § 282. The same standard applies with respect to reissue patents except the standard for showing invalidity is heightened by the quantum of weight given to a second examination and approval by the PTO. *See Interconnect*

Planning Corp. v. Feil, 774 F.2d 1132, 1139 (Fed. Cir. 1985).

In a reissue case as in any patent case, it is not necessary for the party seeking to prove invalidity to revisit the entire patent application process and show that there is no way on earth that a patent could have issued. Rather, it is enough to show that with respect to the specific patent, or reissue patent, any one statutory requirement has not been satisfied. In the case of a patent, for example, invalidity naturally flows from a showing that the patented invention was obvious, or was previously disclosed. To make this determination, the district court would examine all the information presented to the patent examiner plus any additional information that has come to light on the subject of obviousness. There is no need to unearth and examine all the other potential grounds for invalidity.

Similarly, in this case, to demonstrate invalidity it is enough for HP to show, by clear and convincing evidence, that B&L failed to satisfy the legal oath or declaration requirement. The Court can make the determination whether HP is correct by reviewing the evidence presented to the patent examiner. B&L has the burden of establishing grounds upon which an error could be found as the cause of its failure to frame properly its original patent application. See *In re Weiler*, 790 F.2d 1576, 1582-83 (Fed. Cir. 1986).⁶

⁶ The Federal Circuit in *In re Weiler* also noted that the applicant's "reliance on allegations of the inventor's ignorance of drafting and claiming technique and counsel's ignorance of the invention is unavailing. Those allegations could be frequently made, and, if accepted as establishing error, would require the grant of reissues on anything and everything mentioned in a disclosure. [Applicant] supplies no facts indicating how the ignorance relied on caused any error as the

To sum up, B&L has the burden of showing reissuable error. In view of the patent examiner's finding of reissuable error, the burden is on HP to show that the patent examiner was wrong. However, that is not the end of the process. B&L is correct that normally it is not enough to simply look at the affidavits, find them lacking, and declare the reissue patent invalid. B&L must be given an opportunity to prove reissuable error by other evidence presented to the PTO during the original application. This is little solace to B&L because no other evidence was presented to the patent examiner showing reissuable error.

(D) *Was B&L's Reissue Application Obtained Improperly?*

The Yeiser reissue application process is discussed in more elaborate detail below in connection with the topic of inequitable conduct. For purposes of HP's motion, only one issue is relevant: were the oaths or affidavits submitted by B&L to the PTO in support of the reissue application insufficient or false?

In support of its reissue application, on November 15, 1982, B&L submitted the declaration of its Vice President, George More. The More declaration stated that the defect in the original patent application was a failure to include claims dependent on claim 1. The alleged basis for the error was simply "oversight" by Mr. Yeiser or his attorney. More provided no other explanation for the omission.

Quite properly, the patent examiner rejected the More declaration as insufficient because it failed "to specify the

basis of his failure to claim the subject matter" in dispute. On this basis, the court affirmed the denial of the reissue application as to the claims in question. *In re Weiler*, 790 F.2d at 1583 n.4.

errors relied upon" or to "specify how the error arose or occurred." Exh. 44, PX 19, Tab 7. In particular, the patent examiner stated:

The declaration is . . . insufficient because it does not specify how the error arose or occurred. The statement that the alleged errors occurred or arose because of oversight on the part of the inventor or his attorney does not specify in detail how and why such an oversight occurred. A declaration from the original attorney may be in order.

Thus, the patent examiner clearly and properly stated that the declaration of Mr. More submitted to satisfy the oath requirement was insufficient under 37 C.F.R. § 1.175(a)(5).

In response to patent examiner's rejection, on September 14, 1983, B&L submitted the affidavit of Lawrence Fleming, the patent agent responsible for procuring the original patent. Relevant portions of the first Fleming affidavit follow:

3. During the preparation and prosecution of [the original] Patent Application . . . , *his [Fleming's] contacts and ability to communicate with the inventor, Mr. Yeiser, were significantly limited by Mr. Yeiser's activities . . . His contacts with Mr. Yeiser during the prosecution of the application were at best infrequent.*

4. *The only guidance given the undersigned by Mr. Yeiser during the preparation and prosecution of [the original Yeiser application] was a memorandum dated July 7, 1970. . . . [T]he memorandum is silent as to what scope and breadth of claims should or could be obtained.*

5. His only contact with L.D.C. Inc. [the assignee of the application and Yeiser's employer], was Mr. R. J.

Tarantino, its President, . . . but . . . *Mr. Tarantino [did not provide] any substantive help or guidance* to him during the prosecution of the patent application . . .

6. The aforesaid business and personal activities of the inventor, Mr. Yeiser, and his assignee worked, inadvertently, to substantially cut off intercommunication with the undersigned. Had further communications and guidance been received, it is his belief that claims which further define and distinguish the invention from the prior art could have been drafted and allowed. [emphasis added]

After consideration of B&L's second submission, the patent examiner again properly rejected B&L's application. Again, the patent examiner found that B&L had not specified "a reissuable error." Exh. 44, PX 19, Tab 17. For purposes of this motion, the crucial finding, however, was that:

The reissue oath or declaration filed with this application is objected to because it fails to particularly specify how the errors relied upon arose or occurred, as required by 37 C.F.R. § 1.175(a) (5). The declaration states the errors occurred because of oversight on the part of the inventor or his attorney in connection with the preparation and prosecution of the application. The declaration is considered deficient *because it does not particularly specify how the errors arose. How and when did the errors arise? For example, who determined the scope of the original claims to be submitted with the patent application? Who determined the final scope of the patent claims? When were these determinations performed?* The declaration is also considered deficient as to *how and when* the errors were discovered. For example, *by whom and*

when was it determined that an error had occurred.
(emphasis added)

It is clear that the patent examiner had a valid and proper basis for rejecting the first Fleming affidavit. Under 37 C.F.R. § 1.175(a)(5), Fleming had not explained how the error arose. Absent a specific explanation, the affidavit was insufficient as a matter of law.⁷

On November 22, 1983, one of B & L's attorneys, Howard Robbins, interviewed the patent examiner to clarify the basis for the rejection of the first Fleming affidavit. Subsequently, on March 27, 1984, B & L submitted the second ("supplemental") affidavit of Lawrence Fleming. The relevant text of the affidavit stated:

4. The inventor, Mr. Yeiser, had made one crude model of the invention and this model was made available for him to review, on only one occasion for about two hours, to effect disclosure of the invention.

5. *The scope of the claims for U.S. Patent No. 3,761,950 was determined solely by him, based upon this brief disclosure and his knowledge and experience as an engineer and patent practitioner. In making this determination concerning the scope of the claims no discussions were had with Mr. Yeiser as a result of the*

⁷It is worth noting that despite its deficiencies, the first Fleming affidavit was not a total loss. The patent examiner did rely upon and accept a portion of Fleming's statement:

The Fleming Affidavit states that the contacts and ability to communicate with the inventor by the agent who prepared the application were significantly limited. *It is acceptable on this point. It is not acceptable however as to how and by whom the scope of the subject matter claimed was determined and why.*

*events explained in his Affidavit of September 14, 1983.*⁸

6. He was well acquainted with Mr. Yeiser at the time the application for U.S. Patent No. 3,761,950 was written and prosecuted having previously drafted and prosecuted several patent applications for inventions by Mr. Yeiser. Based upon this close acquaintanceship, he believes *Mr. Yeiser was not cognizant of the significance of several aspects of the invention embodied in U.S. Patent No. 3,761,950, because only one crude model existed from which all aspects of the invention could not be appreciated, and because Mr. Yeiser, having just sold his business, no longer had a commercial interest in plotters and . . . was left to and did himself determine what scope and breath[sic] of claims should and could be obtained.* (emphasis added)

Finally, on April 17, 1984, in response to B & L's final submission, the patent examiner withdrew his prior objections to the application for reissue of the '950 patent. The patent examiner stated that the "original Declaration has been reconsidered together with the Supplemental Fleming Affidavit. They are [now] considered sufficient Declaration under 37 CFR [§] 1.175." Exh. 44, PX 19, Tab 26. Thus, it was the second Fleming affidavit which overcame the patent examiner's objections and was found to satisfy the oath requirement of the regulations. The question raised here is whether that affidavit was accurate.

⁸The "events" referred to were "Yeiser's activities" which caused Fleming's "contacts" during the critical period to be "at best infrequent." PX 19, Tab. 4.

(E) The Truth Regarding Fleming's Contacts With Yeiser and the Other Points in Support of Reissuable Error Raised in the Fleming Affidavits:

HP points out several discrepancies in Fleming's affidavits which essentially void them as a basis for the patent examiner's finding of reissuable error. HP's premise, which is amply supported by the facts, is that these affidavits were *the keys* to the grant of the reissue patent. There is no question that these affidavits secured the reissue patent for B&L. Thus, if HP can refute the Fleming affidavits, in particular the second one, B&L will be left without reissue claims because the patent examiner had no other basis to grant a reissue patent.

The four main points made by HP are that:

- (1) Fleming had numerous contacts with Yeiser during the pendency of the reissue application;
- (2) Yeiser was aware of the importance of the "friction drive" and provided material help and guidance in formulating the scope of the reissue claims;
- (3) LDC executive Tarantino was consulted on numerous occasions during the pendency of the application; and
- (4) Yeiser spent a significant amount of time during the critical period in personally developing the commercial version of his device.

HP has obtained Fleming's notebooks kept during the time period in question.⁹ Although ostensibly undecipher-

⁹Mr. Fleming's notebooks have been the subject of considerable interest in this litigation. Fleming kept time notebooks from 1970 to 1973 detailing daily activities in his patent practice. After Fleming ceased his record keeping, he took the notebooks home and placed them on a bookshelf. Years passed and other books accumulated on

able to this Court's eye, the parties agree that these records show that Fleming and Yeiser met in person, spoke on the phone, or exchanged correspondence sixty-seven (67) times during the period of preparation and prosecution of the original patent application. B&L does not deny these contacts. This revelation destroys Fleming's claim in his affidavit that he and Yeiser, the inventor, had limited contacts during the creation of the patent application.

In addition, there are several pieces of evidence showing that Yeiser and Fleming had discussions about the patent application beyond the July 7, 1970 memorandum which the Fleming affidavit reported to be the "only guidance" given by Yeiser. Fleming and Yeiser spoke on the phone (PX 368, Fleming deposition at 356-57), Yeiser read the patent application in Fleming's presence (PX 368, Fleming deposition at 453), and the two men discussed prior art as well as claim strategies prior to prosecution of the original patent (PX 368, Fleming deposition at 244). All these contacts contradict and destroy the validity of Fleming's statement regarding his contacts with Yeiser and his wholly unaided hand in fashioning the scope of the claims.

the bookshelves pressing the time notebooks to obscurity in the rear of the shelves. Some time later, according to B&L sometime after the completion of the reissue application process, Fleming discovered the notebooks. The tomes contradict crucial parts of Fleming's affidavits.

As discussed below, it now appears that Fleming had discovered the notebooks and consulted them prior to the issuance of the reissue patent. This fact came to light during cross examination of Fleming at trial. Fleming could not explain the discrepancy between his recollection of the date of discovery of the notebooks and his own handwritten notes in September 1984 indicating reference to the notebooks.

Also, in contradiction of both of his affidavits but especially the first, Fleming had substantial contacts with R.J. Tarantino, the President of LDC, during the relevant time period. Once again, LDC employed Yeiser and was the assignee of the application. Fleming's notebooks show fifty three (53) contacts between himself and Tarantino in the relevant time period. Thus, rather than having his communications with Tarantino and Yeiser "cut off" as he suggests in his first affidavit, Fleming had substantial and consistent contacts with both individuals. In short, Fleming's first affidavit is not only technically deficient, but substantively inaccurate.

Fleming's second and decisive affidavit is no more accurate than the first submission to the PTO. For example, Fleming stated that Yeiser had only a crude model upon which to analyze his patent and therefore made unintentional errors in preparing his original patent application. However, deposition testimony establishes that the Yeiser plotter which was the subject of the patent was delivered to potential customers for testing some three months before the patent application was filed (PX 374, McKaughan deposition at 12, 14, 22). An operative prototype of the plotter was exhibited at a trade show the month of the filing of the patent file history application (PX 383, West deposition 125-26). The patent itself contains reference to existing commercial models.

The fact that not only a model, but an actual working device was available, in addition to the contacts between Fleming, Yeiser, and Tarantino, belies the second affidavit's assertion that Fleming himself determined the scope of the claims. In his deposition, Fleming stated that most laymen are not interested and are not able to read patent claims. However, it is Fleming's practice to ask inventors what they consider significant about their invention — a

lay person's approach to the issue of what should be included in the claims; Fleming stated:

I did ask Yeiser, as I always asked inventors, which features and elements they consider the more significant and which the less significant and which one they feel should be covered in the claims, and to indicate some sort of a priority list or list of relative importance or significance, *which he did.* (emphasis added)

See PX 368, *Deposition of Lawrence Fleming* at 634.

This admission, in conjunction with other deposition testimony and other facts highlighted by HP, makes it clear that Fleming's second affidavit was flatly wrong in stating that Yeiser had no role in formulating the patent application. Yeiser was aware that "[o]ne of the main advantages of this type of X-Y is that the friction drive permits the use of easily available unperforated graph paper in a moving chart X-Y." PX 19, Tab 14, *July 7, 1970 memorandum from Jack Yeiser to Larry Fleming*. Furthermore, Yeiser aggressively played a role in developing the plotter for commercial use, *see* PX 383 *Deposition of John L. West*,¹⁰ and had repeated contact with Fleming during

¹⁰HP does not specify the position of John West. Apparently, he worked for LDC at the same time as Jack Yeiser. One key portion of the West deposition testimony is as follows:

Q. Were any changes in the drive system made to these plotters after Jack Yeiser's death?

A. After Jack Yeiser left Florida and went back to California, I'm not aware of any specific change that took place in the recorder, in the XY recorder.

Q. So to the best of your knowledge, those XY plotters that LDC offered commercially for sale, it was Jack Yeiser that had the main input as to the design of that plotter?

the preparation and prosecution of the original patent application. Consequently, it is clear that Fleming's second affidavit, like his first, is riddled with errors and misstatements, providing no basis to support a showing of reissuable error.

(E) *B&L's Counter Argument:*

B&L raises ten different arguments in support of the position that there remain triable issues of material fact regarding the validity and accuracy of the Fleming affidavits. None of the arguments is convincing enough to warrant discussion. B&L is groping for straws suggesting that Fleming misunderstood the situation or that despite the numerous contacts and other evidence, Yeiser really had nothing or virtually nothing to do with the original patent application. No reasonable jury could find in B&L's favor on these arguments. See *Anderson v. Liberty Lobby*, 477 U.S. 242, 255 (1986). Consequently, the Court rejects them all.

Finally, B&L argues that the Fleming affidavits were sufficient to show reissuable error even without the erroneous information. This is a throw-away argument, because it is clear that the patent examiner found at least the first affidavit itself inadequate for the task of showing error. The second affidavit merely bolstered the same arguments for reissuable error that were present in the

A. Yes.

Q. And any other engineering changes that would have been made to those machines would have gotten a final approval from Jack Yeiser?

A. Yes.

Q. Because he was director of engineering?

A. Yes.

first affidavit. All of these bases were erroneous as explained above. To wit, contrary to paragraph 4 of the second affidavit, Yeiser had more than a crude model, on one occasion, for two hours, to effect disclosure of the invention. Contrary to paragraph 5, Fleming did not alone determine the scope of claims of the patent based upon the "brief disclosure" of two hours referenced in paragraph 4. Moreover, Fleming has since admitted that he had discussions with Yeiser in flat contradiction to his statement in paragraph 5. Finally, the last paragraph of the second Fleming affidavit, paragraph 6, merely repeats the false information described earlier and adds the erroneous statement that Yeiser "no longer had a commercial interest in plotters and was not focussing on such matters." In fact, the West deposition testimony establishes that Yeiser was the chief engineer responsible for overseeing the commercial development of the plotter, that Yeiser had an active hand in developing the plotter for commercial purposes, and that no development of the product took place after Yeiser left Florida in 1974.

(G) *Summary of the Factual Issues Re HP's Summary Judgment Motion:*

HP has established clearly that the Fleming affidavits which were the basis for the grant of the reissue patent are replete with false or erroneous statements. B&L has raised no triable issue of fact which contradicts HP's showing. Further, B&L has not and can not point to any evidence supporting its position that the reissue application was properly granted because of reissuable error in the original patent application. Accordingly, the Court grants HP's motion for summary judgment and declares the Yeiser reissue patent invalid.

III

THE EFFECT OF GRANTING SUMMARY JUDGMENT DECLARING THE YEISER REISSUE PATENT INVALID.

Having concluded that the reissue patent must be declared invalid, there remains the question of the effect of such a ruling. The reissue patent contains 12 claims, but claims 1-9 are identical to the claims in the original patent. Only claims 10-12 were added through the reissue process. HP is charged with infringing five claims: claims 1, 2, and 10-12. HP contends that once the reissue patent is invalidated, all claims are extinguished. B&L argues in response that, at worst, only claims 10-12 should be extinguished with the nullification of the reissue patent and claims 1-9 should remain.

When a reissue patent is denied, under the regulations "the original patent will be returned to [the] applicant upon his request." 35 C.F.R. § 1.179. On the other hand, if the reissue patent is granted, the original patent is surrendered. The statute spells out the effect of reissue as follows:

The surrender of the original patent shall take effect upon the issue of the reissue patent, and every reissued patent shall have the same effect and operation in law . . . as if the same had been originally granted in such amended form . . . to the extent that [the reissue patent's] claims are identical to the original patent, [it] shall constitute a continuation thereof and have effect continuously from the date of the original patent.

35 U.S.C. § 252.

Thus, in this case the original patent has ceased to exist. Although part of the original patent not affected in

the reissue process, claims 1-9 only exist as part of the Yeiser reissue patent. If the reissue patent is entirely voided as HP contends, then those claims also will cease to exist. The effect would be particularly draconian for B&L, for its reissue application never questioned the correctness of claims 1-9.

In addressing the status of the "carry-over" original nine claims, the parties offer conflicting legal authority. Arguing that all twelve claims should be nullified, HP offers, *inter alia*, the cases of *Riley v. Broadway-Hale Stores, Inc.*, 114 F.Supp. 884 (S.D. Cal. 1953), *aff'd*, 217 F.2d 530 (9th Cir. 1954), and *General Radio Co. v. Allen B. Dumont Laboratories, Inc.*, 129 F.2d 608 (3d Cir. 1942), *cert. denied*, 317 U.S. 654 (1942). B&L counters seeking the preservation of the original nine claims citing the Supreme Court case of *Gage v. Herring*, 107 U.S. 640 (1883), and the opinion of Judge Learned Hand in *Foxboro Co. v. Taylor Instrument Co.*, 157 F.2d 226 (2d Cir. 1946), *cert. denied*, 329 U.S. 800.

The most interesting aspect of the legal analysis is the apparent conflict or inconsistency among three Supreme Court cases decided at the end of the Nineteenth Century. In *Gage v. Herring*, 107 U.S. 640 (1883), the Supreme Court clearly expressed the view that the invalidity of claims added by reissue does not "impair the validity of the original claim which is repeated and separately stated in the reissued patent." *Id.* at 646. Subsequently, in the case of *Eby v. King*, 158 U.S. 366 (1895), the Supreme Court revisited the issue and, although citing *Gage*, ignored the ruling of *Gage*, treating the question as one of first impression. As phrased in *Eby*, the issue is the effect of the surrender of the reissue patent and whether a patentee wagers all or nothing with his original claims when he seeks a reissue patent. The Court in *Eby* merely

raises the question and then deliberately avoids resolving it by deciding the case on a different ground.

Two years later, in *Allen v. Culp*, 166 U.S. 501 (1897), the Court confirmed that *Eby* had raised but not answered the question “[w]hether, if the reissue be void, the patentee may fall back on his original patent.” *Id.* at 505. Stating that the question “has never been decided by this court,” *id.*, the Court in *Allen* then offered the suggestion that a patent surrendered after the grant of a reissue “might be inoperative and invalid as against certain persons who pirated the underlying principle of the patent, and avoided infringing the exact language of the claims, and yet be perfectly valid as against others, who were making machines clearly covered by their language.” *Id.* As in *Eby*, the Court in *Allen* ignored the ruling in *Gage*. Indeed, *Gage* is not even cited in the *Allen* opinion.

The analytical question posed by these three cases relates to the proper approach to the carryover claims. *Eby* and *Allen* suggest that in light of invalidated reissue claims, the carryover claims should be examined as part of a surrendered patent. *Gage* suggests that carryover claims should be examined as part of the reissue patent, notwithstanding the invalidity of the reissue claims. The statutes and regulations support the *Gage* analysis.

To begin with, 35 U.S.C. § 252 evinces the intent that the “surrender” of the original patent acts to extinguish that patent and replace it with an amended edition. The reissued patent constitutes a “continuation” of the original and has “effect continuously from the date of the original patent.” It would be a redundancy to permit the original patent to continue to exist because it has been completely replaced by the reissue. Furthermore, the timing prescribed in the statute is such that the surrender takes effect only “upon the issue of the reissued patent.”

In essence, the timing avoids creating an interference because it mandates surrender of the old only upon issuance of the new so that two patents covering the same invention do not exist simultaneously.

The foregoing assessment of § 252 is consistent with the pertinent PTO regulations on reissue procedures. Under the relevant regulations, the denial of a reissue application does not affect the original patent claims. Hence, under 37 C.F.R. § 1.178 if a reissue application is refused, "the original patent will be returned to [the] applicant upon his request." By analogy, when a district court strikes down a reissue patent after the reissue application has been granted, those claims that are carried over from the original patent which were not implicated in the reissue application should remain valid despite the surrender and extinction of the original patent.

While analytically it may appear odd to retain claims without a valid patent, the anomaly is merely one of semantics which Congress itself has adopted. In 35 U.S.C. § 253, Congress provides that "[w]henever, without any deceptive intention, a claim of a patent is invalid the remaining claims shall not thereby rendered invalid." A similar provision allows for the maintenance of infringement suits based on such remaining claims.¹¹ Thus Congress, like the Court in *Gage*, has chosen to assess carryover claims in the context of problematic reissue

¹¹Title 35 U.S.C. § 288 states:

Whenever, without deceptive intention, a claim of a patent is invalid, an action may be maintained for the infringement of a claim of the patent which may be valid. The patentee shall recover no costs unless a disclaimer of the invalid claim has been entered at the Patent and Trademark Office before commencement of the suit.

patents in terms of the effect of the invalidated claims. There is no statutory support for *Eby* and *Allen*'s resurrection of the surrendered patent.

A close examination of the case law confirms this assessment. Although the cases cited above and argued by HP do have some punch, the Court concludes that the proper result here is that the original patent claims should remain valid because the reissue application only added or amended claims 10-12. Beyond the Supreme Court's decision in *Gage v. Herring*, 107 U.S. 640, 646 (1883) ("The invalidity of the new claim in the reissue does not indeed impair the validity of the original claim which is repeated and separately stated in the reissued patent."), the most potent precedent is *Foxboro Co. v. Taylor Instrument Cos.*, 157 F.2d 226 (2d Cir. 1946), *cert. denied*, 329 U.S. 800. One particular passage from Judge Learned Hand's ruling in *Foxboro* is particularly relevant:

All these [claims] were in the original patent in substantially the same form that they appear when reissued; and the same indeed applies to all the first sixteen claims of the reissued patent. As to these we need not consider whether Mason showed adequate excuse for any reissue whatever, because, even though he did not, the surrender of the original patent, resulting from the acceptance of the reissue, did not invalidate any claims which he carried over into the reissue. For a time this was in some doubt [citing *Eby v. King*], but the amendment to [35 U.S.C. § 252] has set the question at rest.

157 F.2d at 228.¹²

¹²See also the United States Court of Customs and Patent Appeals' decision in *In re Wittry*, 489 F.2d 1299 (CCPA 1974). Observing that

Hence, the surrender of the original patent did not invalidate the claims which were carried over by B&L into the reissue patent application. The patent statutes, the regulations, and the more persuasive case law all point to the conclusion that the original patent claims which B&L carried over without substantial amendment or alteration in the reissue application should not be affected by the Court's rejection of the affidavits which were the necessary predicate for approval of the reissue application.¹³ Good cause appearing therefor, the Yeiser reissue patent claims 10-12 are declared invalid. The carry-over claims 1-9 from the original patent remain valid.

IV

TRIAL ON THE ISSUE OF INEQUITABLE CONDUCT.

(A) *Introduction:*

Originally, the trial in this case was to begin with B&L's presentation of its case for infringement of the Yeiser reissue patent by HP. In view of the Court's ruling that claims 10-12 of the Yeiser reissue patent are invalid, B&L was prepared to proceed in enforcing the remaining nine claims of its reissue patent. However, under 35

the MPEP states that a finding of insufficiency of the oath offered in support of a reissue application should be a general ground of rejection of all claims, the court stated that the "instruction obviously is not applicable to original patent claims where, as here, the insufficiency does not apply to *all the new* claims in the reissue application." (emphasis in original) 489 F.2d at 1303 n.3.

¹³This conclusion also finds support in 4 Lipscomb's *Walker on Patents* (3d ed. 1985) § 14:38. The relevant section is entitled "Reissued Patents May be Valid as to Some Claims While Void As to Others."

U.S.C. § 288, B&L could only enforce those nine claims if the other claims were nullified not because of any "deceptive intention." The evidence presented in HP's motion for summary judgment raised a serious question whether the entire reissue patent was procured with a fraudulent intent or in such a manner as to have constituted inequitable conduct before the PTO. Consequently, the Court changed the order of the presentation of the case, directing HP to initiate the trial with the presentation of its affirmative defense of inequitable conduct.

(B) *The Applicable Legal Principles:*

The doctrine of inequitable conduct "derived from the doctrine of unclean hands and is purely equitable in nature." *Gardco Mfg., Inc. v. Herst Lighting Co.*, 820 F.2d 1209, 1212 (Fed. Cir. 1987), citing *Precision Instrument Manufacturing Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806 (1945). Although it should not be a "magical incantation to be asserted against every patentee," *FMC Corporation v. Manitowoc Co., Inc.*, 835 F.2d 1411, 1415 (Fed. Cir. 1987), the inequitable conduct defense does play a significant role in preserving the integrity of the patent application process. Due to the predominantly *ex parte* nature of PTO proceedings, patent examiners must be able to rely on patent attorneys' candor and good faith in prosecuting patents. The oath or affidavit requirement of the reissue application process serves to underscore this reliance.

Inequitable conduct is a broader concept than common law fraud, encompassing the "failure to disclose material information, or submission of false material information, with an intent to mislead." *J.P. Stevens & Co., Inc. v. Lex Tex Ltd., Inc.*, 747 F.2d 1553, 1559 (Fed. Cir. 1984), *cert. denied*, 474 U.S. 822 (1985). In order to prove inequitable

conduct, a party must establish by clear and convincing evidence a threshold degree of materiality of the false or undisclosed evidence. *Id.* Although four distinct standards are available to test materiality, the Federal Circuit has expressed a clear preference for PTO Rule 1.56 as the best starting point for analysis. *See id.*; 37 C.F.R. § 1.56 (1987). The test is whether "there is a substantial likelihood that a reasonable examiner would have considered the omitted reference or false information important in deciding whether to allow the application to issue as a patent." *J.P. Stevens*, 747 F.2d at 1559; *see also Gardco Mfg., Inc., v. Herst Lighting Co.*, 820 F.2d 1209, 1214 (Fed. Cir. 1987).

A finding that material information has been withheld or falsely presented to an examiner in itself does not establish inequitable conduct. "To be guilty of inequitable conduct, one must have intended to act inequitably." *FMC Corp.*, 835 F.2d at 1415. Proof of intent may be made by indirect evidence. *J.P. Stevens*, 747 F.2d at 1560; *Hycor Corp. v. The Schluter Co.*, 740 F.2d 1529, 1539 (Fed. Cir. 1984). In other words, inequitable intent may be inferred from actions the natural consequence of which would be to mislead or misinform the PTO.

In *J.P. Stevens Co., Inc. v. Lex Tex Ltd., Inc.*, 747 F.2d 1553 (Fed. Cir. 1984), the court provided significant guidance on the principles relating to inequitable conduct. The case involved the yarn treating industry and, in particular, patents useful in producing desirable qualities in yarn. The court found that certain omissions by the applicants were highly material. Moreover, although there was no deliberate scheming, "there was clearly reckless or grossly negligent activity." *Id.* at 1567. Balancing materiality and intent, the court was "compelled to conclude that 'inequitable conduct' occurred." *Id.*

The important analytical point evinced in *J.P. Stevens* is that, when coupled with a high degree of materiality, gross negligence is sufficient to establish inequitable conduct. The court ruled that gross negligence is shown "when the actor, judged as a reasonable person in his position, should have known of the materiality of a withheld reference." *Id.* at 1560 (citations omitted). However, simple negligence, oversight, or an error in judgment made in good faith is not sufficient to show gross negligence. *Id.*; *Orthopedic Equipment Co. v. All Orthopedic Appliances, Inc.*, 707 F.2d 1376, 1383 (Fed. Cir. 1983).

In a case decided after *J.P. Stevens*, the author of the decision, Chief Judge Markey, was at pains to point out that a finding of gross negligence alone does not mandate a finding of inequitable conduct. In *FMC Corp. v. Manitowoc Co., Inc.*, 835 F.2d 1411 (Fed. Cir. 1987), writing for the panel, Chief Judge Markey noted that in *J.P. Stevens* no evidence was adduced to offset gross negligence by showing subjective good faith. 835 F.2d at 1415-16 n.9. The court further observed that district courts must heed the reality that intent is a fact question and that in the face of an assertion of inequitable conduct, an objective gross negligence standard should not be applied harshly. Specifically, a patentee must be afforded an opportunity to testify as to his subjective good faith:

[A]n applicant who knew or should have known of the art or information, and of its materiality, is not automatically precluded thereby from an effort to convince the fact finder that the failure to disclose was nonetheless not due to an intent to mislead the PTO; i.e., that, in light of all the circumstances of the case, an inference of intent to mislead is not warranted.

835 F.2d at 1416 (footnote omitted).

Taken together, the decisions in *J.P. Stevens, FMC Corp.*, and *KangaROOS U.S.A., Inc. v. Caldor, Inc.*, 778 F.2d 1571 (Fed. Cir. 1985),¹⁴ suggest that the proper approach to inequitable conduct entails a balancing of materiality and intent. No single factor or combination of factors is dispositive. Instead, even in the face of objectively damnable gross negligence or recklessness, the patentee must be provided an opportunity to raise a counter defense of subjective good faith. It is then up to the finder of fact to assess credibility in light of the evidence. The Federal Circuit does concede, however, that in a case where materiality is high and gross negligence is apparent, "mere denial of intent to mislead (which would defeat every effort to establish inequitable conduct) will not suffice." *FMC Corp.*, 835 F.2d at 1416.

(C) *The Potential Effect of Inequitable Conduct on the Carryover Nine Claims of the Yeiser Reissue Patent:*

B&L properly concedes that the allegation that it committed inequitable conduct before the PTO raises a direct challenge to the original nine claims of the Yeiser patent. "Once a court concludes that inequitable conduct occurred, all the claims — not just the particular claims to which the inequitable conduct is directly connected — are unenforceable." *J.P. Stevens*, 747 F.2d at 1561 (citations omitted). This is no less true in the instance of a reissue patent.

¹⁴In *KangaROOS*, the Federal Circuit reversed a ruling granting partial summary judgment on the issue of inequitable conduct. The court state that despite a district court finding that it was "inconceivable" that KangaROOS could adduce evidence to change the district court's conclusion, "the weight of authority requires that KangaROOS not be denied that opportunity." 778 F.2d at 1577.

An example of the ramifications of inequitable conduct in the procurement of a reissue patent is provided in *Kearney & Trecker Corp. v. Giddings & Lewis, Inc.*, 452 F.2d 579 (7th Cir. 1971), *cert. denied*, 405 U.S. 1066 (1972). Then Seventh Circuit Judge John Paul Stevens authored the opinion for a divided court. The case involved plaintiff patentee's use of the services of a former patent examiner named Beall in procuring the reissue of a patent whose original application had been examined by Beall. Ignoring a rule against such a cross over from the role of an examiner to the role of an advocate, Beall's efforts were instrumental in garnering his client a reissue. Finding the plaintiff's tactics were a "gross abuse of the statutory privilege of reissue," Judge Stevens invalidated all claims that were added to the patent through reissue.

The second question faced by the court in *Kearney* was the proper disposition of the balance of the patent claims. As in this case, several claims¹⁵ of the reissue patent were carried over without substantial change from the original patent. Citing 35 U.S.C. §§ 253 and 288, the court noted that suits to enforce patents containing invalid claims are authorized by Congress provided the invalidated claims were not due to "any deceptive intention." The court then concluded that "deceptive intention" means actual fraud or other forms of inequitable conduct, and, therefore, the conduct of plaintiff in using the services of Beall was sufficient to create a bar to the enforcement of the carryover claims on the basis of inequitable conduct.

Although the alleged form of inequitable conduct in *Kearney* differs from this case, the legal analysis is pre-

¹⁵In *Kearney*, reissue claims 15, 19, and 20 were "substantially identical" with their counterparts in the original patent. 452 F.2d at 581.

cisely on point. If the conduct of B&L in obtaining the Yeiser reissue patent was fraudulent or otherwise inequitable, then even the carryover claims from the original patent will be unenforceable because they will be tainted by the claims that were procured with "deceptive intention." With these legal standards in mind, the Court now makes the following findings of fact and conclusions of law.

(D) *Findings of Fact:*

Before describing the details of the reissue application process, an introduction to the cast of characters is helpful. John O. ("Jack") Yeiser was the inventor of the '950 patent. Yeiser was a talented inventor for some two decades prior to his creation of his X-Y plotter. Yeiser had developed a highly successful strip chart recorder for Varian Associates in the 1950s.¹⁶ In the 1960s, Yeiser founded his own company called Y-Labs in Costa Mesa, California. In approximately April 1970, Yeiser sold his business to Laboratory Data Control ("LDC") and went

¹⁶As explained in B&L's pretrial statement, electromechanical instruments that use a pen to trace a graph on paper generally fall into two categories: strip chart recorders or X-Y plotters. Strip chart recorders use long rolls of papers which are moved at a constant speed in one direction beneath a pen. The pen is constrained to move back-and-forth at right angles to the direction of the paper movement. As the paper moves past the pen, the pen writes across the paper creating a graph or other recording.

X-Y plotters are capable of plotting data generated externally to the plotter along two axes at right angles, commonly called the X-axis and the Y-axis. In an X-Y plotter, the variable data for both axes is applied as external varying input signals to the plotter. One external input signal controls how the pen writes vis-a-vis the X-axis, and the other external input signal controls how the pen writes with respect to the Y-axis. See *B&L Pretrial Statement* at 4.

to work for LDC. Yeiser was an employee of LDC at the time the application for the '950 patent was filed in August 1970. He assigned the application to LDC.

Sometime between 1972-73, Milton Roy Company ("Milton Roy") acquired LDC and with it obtained the rights to the pending Yeiser '950 application. When the patent was finally issued on September 25, 1973, Milton Roy was the owner by assignment from Yeiser through LDC. After several years of less than satisfactory sales of strip chart recorders and X-Y plotters, Milton Roy discontinued production of those products to focus on its primary business as a manufacturer of high performance chromatography detectors.

After he sold his business to LDC, Yeiser apparently intended to remain in California, but LDC relocated to Florida. Drawn by what he considered to be a fine job opportunity as Director of Engineering at LDC, Yeiser attempted to relocate to Florida. *B&L Exhibits Vol. II* (Deposition of John West at 24).¹⁷ When his wife objected, Yeiser undertook to maintain a Florida-California commute. According to a fellow employee of Yeiser-at LDC, this commute proved too difficult for Yeiser, severely straining his personal life, and he eventually had to leave LDC and return to the West Coast. *See HP Exhibit 316* (deposition of John West). For reasons that only Yeiser himself will ever know, Jack Yeiser committed suicide in 1974.

¹⁷Although a large corpus of evidence has been introduced by the parties, much of it relates to other issues to be tried. That portion of the evidence relating solely to the issue of inequitable conduct in procuring the reissue patent has been assembled in binders and hereafter will be referred to as "HP Exhibits" or "B&L Exhibits."

Lawrence Fleming is a private patent agent residing in Pasadena, California. Fleming graduated from the California Institute of Technology in 1937 earning a B.S. in mechanical engineering. *B&L Exhibits Vol. I* (Fleming deposition at 7). Fleming is not an attorney, although he has been licensed to practice before the PTO since 1954 and has himself earned over twenty patents as an inventor. *B&L Exhibits Vol. I* (Fleming deposition at 17, 8).

Fleming was a friend of Jack Yeiser from 1959 to Yeiser's death in 1974 and he did all of Yeiser's patent work. Fleming worked as outside counsel for LDC and then Milton Roy in the procurement of the '950 patent. Fleming was approximately seventy years old at the time of the reissue application and was recounting events that transpired over a decade before.

Bernard D. Bogdon was B&L's in-house counsel responsible for overseeing the reissue application of the '950 patent. Throughout 1981 and 1982, Bogdon had primary responsibility for the legal needs of B&L's Houston Instrument Division.

Howard Robbins was a subordinate to Bogdon who joined the company in late 1982. Robbins assumed responsibility for the legal needs of the Houston Instrument Division early in 1983 and through the relevant time period of the reissue process.

William Hyer was outside patent counsel for B&L on the '950 reissue application. Hyer ran his own firm in Houston, Texas and had decades of experience as a patent attorney. In April or May 1982, Hyer began to delegate work to an associate in his firm, Jonathan Jobe. Jobe was asked by Hyer to do research on the steps necessary to obtain the reissue of a patent and was given

the task of preparing the first draft of reissue claims and a reissue oath for the '950 patent.

When Hyer died in November 1983, for a short time Jobe took primary responsibility for the '950 reissue work. *B&L Exhibits Vol. I* (Bogdon deposition at 301). However, Hyer's death signalled the end of Jobe's involvement. *TR. Vol. 4-624* (testimony of Jonathan Jobe). Around that time period, the examiner rejected the first amended application. Subsequently, primary responsibility for the reissue application reverted to B&L in-house counsel, Howard Robbins. *B&L Exhibits Vol. II* (Jobe deposition at 237). In other words, Jobe was responsible for writing the original application and the first amendment and Robbins wrote the second amendment which was finally accepted by Examiner Hartary.

Thomas Hall was a top executive with the Houston Instrument Division of B&L, serving as sales manager and, from November 1982 throughout the period in question, was in charge of all planning. *B&L Exhibits Vol. III* (PX 181). Hall was the liaison between B&L counsel and Houston Instrument President George More. Mr. More was also corporate vice president of B&L at the time of his involvement in procuring the Yeiser patent. Hall, More, and Bogdon were the three individuals who decided to purchase the '950 patent from Milton Roy in 1982. *B&L Exhibit Vol. I* (Bogdon deposition at 134, 263).

Sometime in late 1980 or early 1981, HP introduced its X-Y plotter with a pinch roller type drive assembly. This "grit wheel plotter" apparently was the first of its kind and enjoyed significant commercial success. B&L's Houston Instrument division (hereafter sometimes referred to as B&L) stated that "HP jumped into [the] market in 1980 with [a] superb unit. Now HP is [the market] leader. . . ." *HP Exhibit 3*. B&L immediately took steps to

investigate the HP product and to begin the process of producing a competing product.

The President of the Houston Instrument division of B&L, George More, was a driving force behind B&L's attempts to compete with HP's X-Y plotter. He directed five of his employees, led by a Mr. Napoli, to develop a machine that had the same basic specifications as the HP machine, but at a reduced cost. The reason for such an undertaking is clear: the HP plotter was a commercial success that had no peers. One B&L employee testified in a deposition that the HP plotter "was a fine design. It was one of the nicer recorder designs of the last 15 years." *HP Exhibit 13*.

After experiencing frustration and disappointment in failing to develop a viable grit wheel drive, B&L hired outside counsel to do a search of patent literature. B&L "wanted to know everything there was to know about what HP might have in the way of plotters, paper drives, and pen mechanisms. Every potential element of a plotter. . . ." *HP Exhibit 18* (Hall deposition); *see also HP Exhibit 20* (letter dated February 26, 1981, from B&L in-house counsel Bernard Bogdon to patent researcher Elliott R. Greenwald requesting "state of the art search" focusing particularly on HP).

In approximately April of 1981, B&L first learned of the existence of the Yeiser patent through this patent search. The Yeiser patent appeared as a citation against a patent that was owned by HP. In a letter dated May 21, 1981, from in-house patent counsel Bernard Bogdon to B&L engineer James A. Parnell, Bogdon listed the Yeiser '950 patent among twelve citations of art found that related to HP's new grit wheel design. Bogdon stated, however, that "[n]one of these patents appear[s] to be particularly pertinent to Hewlett Packard's design." Bog-

don also included a copy of each patent along with his letter. *HP Exhibit 25*. Several top B&L officials read the Yeiser patent around that time (May 1981), including Parnell and Thomas Hall.

A few months later, B&L decided to purchase the Yeiser patent from its registered assignee, Milton Roy Company. Hall, Parnell, and More made the decision. *See HP Exhibit 27*. The decision apparently was later discussed with outside patent counsel, William Hyer. At some point during the time that B&L contemplated purchasing the Yeiser '950 patent, Jim Parnell and Thomas Hall had a private discussion about the relevance of the Yeiser patent to the HP mechanism. Parnell apparently was of the view, a view that Hall later shared, that the Yeiser patent was a "master patent" that would supersede any patent HP might have or eventually obtain. B&L asked William Hyer as outside counsel if he concurred in B&L's view of the scope of the Yeiser patent. It can be inferred that Hyer gave a positive opinion of the scope of the Yeiser patent as against HP's grit wheel plotter because in September 1981, George More contacted the President of Milton Roy about purchasing the '950 patent. On May 5, 1982, B&L bought the Yeiser '950 patent from Milton Roy for \$30,000. *HP Exhibit 63*.

Thomas Hall testified in a deposition that either before the purchase or immediately afterwards, B&L was aware of the need to file a reissue application. *See also HP Exhibit 64* (Bogdon deposition stating that reissue course was "decided" "shortly after the acquisition"). Hall further testified that William Hyer, in advising B&L that a reissue was needed, had stated that the "claims in the original Yeiser were too damn broad" and that narrower claims were needed. *HP Exhibit 61*.

Thomas Hall also testified that the business objective of procuring the Yeiser patent was to "go to others and negotiate with [it]." *HP Exhibit 62*. Hall stated that the primary reason for acquiring the patent was to protect B&L from HP. *B&L Exhibits Vol. I* (Hall deposition at 205). Ideally, B&L desired to avoid litigation and compete against HP's superior product by negotiating a cross-licensing agreement. *B&L Exhibits Vol. I* (Hall deposition at 216). Bernard Bogdon described B&L's actions as gaining "leverage." *HP Exhibit 201*; see also *TR. Vol. 6-869* (testimony of Bernard Bogdon). Bogdon admitted during deposition testimony that the same day that B&L acquired the '950 patent, Mr. Jobe's time records indicated that he spent the afternoon doing a "reissue investigation," *HP Exhibit 380*, although Bogdon denied that B&L purchased the patent to use against HP. *B&L Exhibits Vol. I* (Bogdon deposition at 270).

In other words, the patent was obtained for strategic reasons relating to negotiation and possibly litigation, against HP and others. The same is true of the reissue application, for as counsel for B&L has made clear, "the reissue was done with a view to litigation against Hewlett Packard throughout." *HP Exhibit 68* (Statement of Laurence Pretty). In fact, Jonathan Jobe who drafted the reissue application stated in deposition testimony that not only was litigation one of the purposes for seeking a reissue patent, it was the only reason of which he was aware. *HP Exhibit 69*. B&L acquired the patent, intended to threaten litigation, and then extort a cross-license agreement from HP. After its engineers were unable to compete in technical innovation and creation, this was the most expedient way for B&L to compete against the HP X-Y plotter.

As noted above, Jonathan Jobe was the attorney who drafted the reissue application and the first amendment. It was Jobe's first reissue application, although he was working on another application at the same time as the '950 reissue. *B&L Exhibits Vol. II* (Jobe deposition at 84). Jobe consulted with his superior, William Hyer, in formulating the draft. *TR. Vol. 4-607*. Hyer gave to Jobe the specifics of the HP X-Y plotter so that Jobe could take those specifications into consideration in formulating the reissue claims, *HP Exhibit 75; TR. Vol. 4-630* (testimony of Jonathan Jobe), and, in fact, Jobe drafted the three new claims including the exact specifications included in the HP X-Y plotter. *HP Exhibit 76*.

Jobe also drafted the More declaration. In that declaration, More stated that Yeiser and Fleming committed an error in the original application. Jobe admitted that he did not know "how [More] could have known one way or the other." *B&L Exhibits Vol. II* (Jobe deposition at 192). The following deposition exchange captures Jobe's understanding of the meaning of "reissuable error":

Jobe: I think that people normally believe that errors are unintentional and if an error was made or if a mistake was made —

HP Counsel: But how did [More] — that's a good point. How did he know it was a mistake that claims were left out?

Jobe: Because they weren't in.

HP Counsel: Couldn't it have been intentional?

Jobe: Who knows?

Jobe: I think that your last question or comment or a previous one assumes that claims like [reissue claims 10-12] were considered and rejected.

HP Counsel: Well, do you know that they weren't?

Jobe: No, I don't know.

HP Counsel: Does anyone?

Jobe: Fleming probably knows.

HP Counsel: But no one contacted Fleming at this point in time; isn't that correct?

Jobe: That's correct.

B&L Exhibits Vol. II (Jobe deposition at 192-93).

A draft of the reissue application was delivered by Jobe to Bogdon on October 2, 1982.

George More, whose declaration formed a crucial part of the reissue application, had virtually no involvement in the preparation of the application. He had at most two discussions with William Hyer prior to the filing of the reissue application, both of which were, in the words of More, "very cursory." *HP Exhibit 147*. More stated that he had no independent opinion regarding the addition of claims through a reissue application other than that the patent needed improvement and that he was willing to do anything to make the patent better. *B&L Exhibits Vol. II* (Deposition of George More at 165). More stated that "[i]f somebody had pissed on it [the original Yeiser patent], it would have made it better. But the point is, anything better." *HP Exhibit 154*.

More simply left it to Bogdon's department, Hall, and Hyer as "[c]ompetent professionals practicing on a day-to-day basis" to do whatever was necessary to obtain a patent that could be used against HP. See *HP Exhibit 155*. Thus, he did not review the reissue application before it was filed. *B&L Exhibits Vol. II* (Deposition of George More at 177-78) Although he did read the affidavit bear-

ing his name, *B&L Exhibits Vol. II* (More deposition at 214), More signed the affidavit "on the basis of the information supplied to [him] by trusted counsel of [B&L]. [More] had no information to dispute any of the things in [the] statement." *HP Exhibit 161*. In particular, the "oversight" mentioned in the More affidavit was never described to More, nor did he inquire as to its purported nature. *B&L Exhibits Vol. II* (Deposition of George More at 243). Indeed, More was told by Thomas Hall that he was better off not asking any questions and that he did not need to know any details. *HP Exhibit 163; B&L Exhibit Vol. II* (Deposition of George More at 163).

On the issue of "oversight" as referenced in the More declaration, Bernard Bogdon stated that the basis for the assertion was the investigation that was conducted prior to the filing of the reissue application. the investigation involved "the file history, the patent itself, and the efforts and counselling with [B&L's] . . . outside law firm." *HP Exhibit 64*. B&L made absolutely no independent investigation of the history of the '950 patent application. None of the principals involved in procuring the '950 patent were contacted prior to the filing of the reissue application. The only discussions that took place were among Bogdon, Jobe, and Robbins, with More receiving cursory information on two occasions from Bogdon. More and Jobe never met or discussed the reissue application, despite the fact that it was Jobe who wrote the affidavit that More signed.

No investigation was made into the '950 patent itself to ascertain its validity. *HP Exhibit 202* (Robbins deposition). Furthermore, despite the fact that B&L professed to believe that the patent attorney who prosecuted the '950 patent made an error, B&L did not think it was necessary to contact Lawrence Fleming to discuss the

supposed error with him. *B&L Exhibits Vol. I* (Bogdon deposition at 388). No one at B&L made any attempt to assemble the prior patents of Jack Yeiser. *HP Exhibit 167*. No attempt was made to ascertain whether the invention had been made or used before in the United States, despite the fact that More's affidavit states that "I do not know and do not believe that said invention was ever made or used in the United States of America before the invention thereof by said John O. Yeiser." *Id.*

B&L took the position that no investigation was necessary and that there was no deceptive intent because "[t]he file history never told us otherwise." *B&L Exhibits Vol. I* (Bogdon deposition at 393). Jonathan Jobe stated that he included the reference to "oversight" because "it is required by the statute and I believed that the error arose without deceptive intent because there was nothing to be gained by leaving out such claims. I can't imagine any deceptive reason for not including those claims." *TR. Vol. 4-612*.

The first contact with Lawrence Fleming occurred on June 17, 1983 — after the examiner had rejected the application and told B&L to obtain the statement of the original patent agent. On that date, Jonathan Jobe called Fleming and spoke to him for less than thirty minutes. *HP Exhibit 234*.¹⁸ Jobe was the only individual associated with B&L who spoke to Fleming prior to the filing of his first affidavit. In handwritten notes bearing the date June 17, 1983, Jobe wrote that "the inventor did not feel there was a great deal of novelty . . ." and added that Fleming "didn't get much info out of Yeiser — Yeiser very brilliant but not much help." *HP Exhibit 235*.

¹⁸At trial, Jobe stated that he spoke to Fleming the first time for "approximately half an hour." *TR. Vol. 4-615*.

Fleming's handwritten notes from the June 17, 1983, telephone call reflect that Jobe informed him of the addition of dependent claims stemming from claim one of the original Yeiser patent. Fleming wrote that the new claims were "[m]ore explicit — new cls. 10-12." Fleming also appears to have been informed that the PTO examiner rejected the claims because of a failure to show error. Fleming's notes state: "Exr. — no error." Jobe also reported to Fleming the general content of the More affidavit and the purported source of the "error" as represented by More in the affidavit. *HP Exhibits 237-38; see also TR. Vol. 4-616-18.* (testimony of Jonathan Jobe).

Other than providing a rudimentary explanation of the purpose of his call and the general nature of the application, Jobe provided nothing else to Fleming. Jobe did not send Fleming a copy of the reissue application, a copy of the new claims, a copy of the PTO response to the application, or a copy of the More declaration. *See HP Exhibits 238-39.*

The Court notes that Jobe's statements to Fleming in essence told Fleming that he had made a tremendous blunder many years before. According to Jobe, he told Fleming who he represented, "I told him that we were attempting to reissue the Yeiser patent, I told him what the defects were and asked him if he could shed any light on how those defects occurred." *TR. Vol. 4-616.* B&L's expert, Rafael V. Lupo, testified during trial that it was patently obvious that the original '950 application should have included narrower, or "intermediate" claims encompassing specific features of the pinch roller assembly. According to Lupo, Fleming made an egregiously obvious mistake in failing to stake a claim including those specific features. Although concededly stated with less emphasis, Jobe's report to Fleming constituted an equivalent indict-

ment of Fleming's ability and professional competence. Jobe's lead off question, then, was to ask how Fleming could have made such a mistake, thereby inducing Fleming to explain away his omissions.

Given this reality, it is not surprising that Fleming generated several excuses to absolve himself of his omission. As plaintiff's expert, James Gambrell, stated at trial, B&L "first contacted Mr. Fleming and . . . asked him to explain how the error occurred. But they never asked him what the error was." *TR. Vol. 2-215*. B&L and Jobe hoped that Fleming would attempt to justify his action, as he did. Regardless of the veracity of his statements, they provided some substance to the More affidavit's assertion of "oversight" as the basis for reissuable error. In essence, Jobe's phone call was an invitation to Fleming to stir his memory in search of whatever *post hoc* rationalizations were available to put in an affidavit supporting the More affidavit's assertion of "oversight." Once stirred, Fleming's memory prompted several (as it turns out) grossly inaccurate statements. Yet this served B&L's purpose, forming the basis for the first Fleming affidavit.

During trial and in motions preceding trial, B&L emphasized repeatedly that at the time of the telephone contact with Jobe, Mr. Fleming was over seventy years old and was trying to recall events that transpired over a decade before. B&L argued vociferously, as the truth came out, that Fleming's recollections were simply the product of a bad memory and not evidence of bad faith or inequitable conduct on the part of B&L.

A bad memory, plus elements of pride and rationalization as described above, do explain how Fleming was able to make such wildly incorrect statements in his affidavits. This does not alter the fact, however, that B&L never did

anything at all to confirm the accuracy of Fleming's recollection of the original patent application. At trial, Jobe indicated that he thought that Fleming had located his file on the patent prosecution "while we were on the telephone." *TR. Vol. 4-617*. Yet, Jobe "does not recall" whether he asked Fleming to send him his prosecution file. *HP Exhibit 240*. Jobe also recalls that he did not ask Fleming to look for other documents. *Id.* Jobe "does not recall" whether or not he asked Fleming if he kept time diaries. *Id.* Jobe "does not recall" whether he ever asked Fleming to see all of the documentation he had regarding the preparation, filing, and prosecution of the original '950 patent application. *HP Exhibit 241*. Jobe does recall that he never contacted anyone at Milton Roy or LDC or Y-Labs to substantiate the assertion of "limited contacts" between Yeiser and Fleming during the application. *HP Exhibit 244*.

Jobe received from Fleming one documentary piece of information regarding the original prosecution, a memorandum of July 7, 1970 from Yeiser to Fleming (hereafter the "7/7/70 Memo"). Yet Jobe does not recall whether he asked Fleming for it or Fleming volunteered to send it to him, *id.*, and Jobe admitted that he never asked Fleming whether the file contained any other memoranda from the inventor. In addition, Jobe never asked Fleming about the contents of the 7/7/70 memorandum or inquired as to what Fleming thought Yeiser meant in the memorandum.

As to the specifics of the affidavit itself, neither Jobe nor anyone else at B&L inquired of Fleming as to the details of his statements. For example, Jobe never asked Fleming any details about his contacts with Yeiser during the original application process. *HP Exhibit 243*. Jobe did not ask Fleming to check his time sheets to confirm his recollections. *HP Exhibit 244*. Jobe did not discuss with

Fleming the original file history, the prior art, or any office actions. *Id.* Jobe did not ask, or does not recall asking, Fleming if Yeiser played any role in assisting him in drafting the claims, *HP Exhibit 248*, or whether Fleming and Yeiser discussed the scope and breadth of the claims that were to be made. *HP Exhibit 249*. Jobe did not ask about the nature or content of the contacts between Fleming and R.J. Tarantino (L.D.C.'s president) or between Fleming and Virgil Woodcock of Philadelphia despite the fact that both individuals are specifically mentioned in the first Fleming affidavit. *See HP Exhibits 242, 250, 251, and 252*. Jobe never asked Fleming whether the claims that were to be added in the reissue application had ever been drafted by him or discussed in any context in connection with the original application. *HP Exhibit 255*.

In addition to the less than thirty minute telephone conversation, Jobe also relied upon a one page letter written by Fleming on June 20, 1983, as a basis for the first Fleming affidavit. In the letter, Fleming stated that he had "pulled out the old file" and reviewed it. Fleming reiterated six reasons apparently explaining why the patent had not been drafted to include intermediate claims. All of the reasons are mentioned in the first Fleming affidavit and include: (1) Yeiser had sold his business (and, one is to infer, therefore had little interest in a patent assigned to his new employer; (2) LDC moved from California to Florida, thereby placing some 3,000 miles between Fleming and Yeiser; (3) Mrs. Yeiser refused to move to Florida (and, one must infer, put a great strain on Jack who tried to commute between Florida and California); (4) Fleming's only other contact at LDC was President Tarantino, who was too busy to help; (5) LDC's patent attorney, Virgil Woodcock, left the application in Fleming's hands except to receive copies of the papers

and letters (and thus Fleming received no in-house guidance); and (6) before the patent was issued, LDC was acquired by Milton Roy (and, one might infer, placed another layer of space between Fleming and any source of information). Fleming closed the June 20, 1983, letter by stating that he “suppose[d]” that “business and personal activities of inventor and assignee worked, inadvertently, to cut off communication with the patent practitioner [sic].” *HP Exhibit 266*.

Despite the fact that the June 20th letter played a prominent role in the preparation of the first Fleming affidavit, Jobe never queried Fleming about its contents. Instead, Jobe merely sent to Fleming a prepared affidavit for his review and signature on September 13, 1983. He followed up his mailing with a brief telephone call confirming that Fleming had received and signed the affidavit.¹⁹ Nothing more was discussed or reviewed. In other words, Jobe did not conduct a follow-up interview with Fleming. *See HP Exhibit 302*. Even something as obvious as Fleming’s reference to his “old file” did not precipitate a follow-up inquiry from Jobe. In short, Jobe accepted as true, without any corroboration, every fact related by Fleming. On September 14, 1983, Fleming sent back the signed affidavit. *HP Exhibit 304*.

On September 19, 1983, B&L filed its first amendment to the reissue application. The application was rejected on October 31, 1983. Due to a mix-up in mailing, the second

¹⁹There was one other telephone call placed by Fleming to Jobe, but it concerned solely the issue of Fleming’s bill. *See HP Exhibit 269-70*. Jobe stated that he and Fleming spoke for a minute or two about whether Fleming could send Jobe a bill for his efforts. That conversation may have taken place on June 20, 1983. Subsequently, Fleming sent B&L (through Jobe) a bill for 1.25 hours of work for a total of \$75. *Id.*

PTO rejection was mailed again on December 2, 1983. In the meantime, Howard Robbins had met with Patent Examiner Hartary to discuss the shortcomings in B&L's amended application. *See HP Exhibit 340*. Howard Robbins was responsible for pursuing the reissue application for B&L after Hyer's death and Jobe's exodus.

Robbins made the next contact with Lawrence Fleming on February 10, 1984. Robbins' telephone notes indicate that he basically covered the same ground canvassed by Jobe. *See HP Exhibit 345*. The second Fleming affidavit reflects the new information and emphasis gleaned by Robbins from the February 10, 1984 conversation. Specifically, Yeiser allegedly had but a single, crude model available to him for two hours to effect disclosure of his invention. As a result, Fleming allegedly had to write the claims himself relying on his own experience and knowledge. Also, Fleming felt that Yeiser did not appreciate the significance of his invention.

Robbins spoke with Fleming a second and final time on February 20, 1984.

Although Robbins himself did read the file history, *HP Exhibit 348*, he stated that he did not know whether Jobe or Bogdon had ever reviewed the original file history. *HP Exhibit 214*. Robbins also stated that he did notice that the file history of the '950 application made reference to a commercial model embodying the principles of the Yeiser '950 patent. This reference appeared in two one-line amendments to the '950 application. *See HP Exhibit 348*. Robbins also was aware of the reference in the first Fleming affidavit to the availability of only a crude model for Yeiser to effect disclosure of his creation, and Robbins himself added the language in the second Fleming affidavit with respect to the limited availability of only a crude model. Nevertheless, Robbins never asked Fleming about

his mention of the commercial embodiment in the file history of the '950 application. *Id.* In other words, even though he was aware that Fleming had stated in the early 1970s that there was a commercial model of a Yeiser-like machine in production, Robbins accepted without question Fleming's statements in the reissue affidavits that Yeiser had only a crude model to help him claim the invention.

Like Jobe before him, Robbins failed to ask even the most basic of questions concerning the veracity of Fleming's statements, nor did he provide Fleming with any information concerning what was happening in the PTO with the reissue application. Robbins did not ask Fleming if he kept time records or work diaries. *HP Exhibit 349.* Robbins did not ask Fleming how many contacts he had with Yeiser during the application process, *HP Exhibit 350*, and thus obviously made no inquiry as to the quality of the contact between Yeiser and Fleming. Robbins did not send Fleming copies of any of the PTO actions, nor anything else save the second affidavit which was sent to Fleming on February 20, 1984. *HP Exhibits 351-2.* The signed affidavit was returned by Fleming to Robbins the next day. *HP Exhibit 353.*

On March 27, 1984, the second amendment to the reissue application was filed by B&L with the PTO. On April 12, 1984, examiner Hartary withdrew his objections to the oath submissions and granted approval for reissue of the '950 patent. *HP Exhibit 363.* Less than two weeks later, on April 24, 1984, Thomas Hall wrote to HP accusing it of infringing B&L's new reissue patent (notwithstanding the fact that the reissue did not take place until September 25, 1984) and extended a gracious olive branch of settlement of the implicitly threatened lawsuit "[i]n the interest of achieving an early amicable resolu-

tion to this matter." *HP Exhibit 364*. HP's response was to file this suit for declaratory relief.

On September 13, 1984, Lawrence Fleming met with an investigator hired by B&L named Bill Ellis. Fleming sent B&L a bill for 7.1 hours of his time in connection with the interview with Ellis, although the interview lasted only two hours by Fleming's recollection. *B&L Exhibits Vol. I* (Fleming deposition at 44). Fleming does not recall how the interview was set up; it may have been a telephone call from Robbins or from Ellis' office. Fleming does recall that prior to the interview, Robbins called him.

Several topics never before discussed came to the fore in the telephone call with Robbins and the interview with Ellis. It is not clear how the subject of Yeiser's assistant arose,²⁰ but it had not been discussed with Fleming during the reissue application process. Apparently in preparation for his meeting with Ellis and during the meeting, *TR. Vol. 4-592*, Fleming wrote some notes to himself which included reference to a man named Ronald E. Ross. *See HP Exhibit 368*. This appears to be the first mention of Mr. Ross by Fleming. Ross "was #1 asst. to Jack Yeiser [and] source of info." according to Fleming. B&L also asked Fleming, again apparently for the first time, about Yeiser's contacts with LDC President Tarantino. *B&L Exhibits Vol. I* (Fleming deposition at 37, 39). Regarding Tarantino, Robbins by telephone asked Fleming how many contacts he had with Tarantino and the topics of their discussions. *Id.* These questions had been completely ignored prior to the grant of the reissue application. Ellis asked Fleming about the "circum-

²⁰In cross examination at trial, Fleming did not recall whether he or investigator Ellis had brought up the subject of Jack Yeiser's assistant. *TR. Vol. 4-591*.

stances of the disclosure of the invention; contacts with the inventor and with Mr. Tarantino; the nature of the acquaintance between [Fleming] and Mr. Yeiser; Mr. Yeiser's marital problems, if any" *B&L Exhibits Vol. I* (Fleming deposition at 44).²¹

The most important piece of information in Fleming's notes, however, is found on the second page where Fleming wrote: "Yeiser was in Florida 3/72-11/72 by best info. *in my old notebooks.*" *HP Exhibit 368* (emphasis added). As discussed earlier, the notebooks referred to by Fleming are time diaries he kept from 1970-73. Throughout the course of this case, B&L has maintained that Fleming had forgotten about his old notebooks after he moved into a new residence in Pasadena. Supposedly, the notebooks inadvertently were shoved to the back of an old bookcase and forgotten until discovery mid-way through this litigation. By the above reference in his notes, Fleming admitted that he *had* the notebooks and *referred to them* in September 1984 *before* the '950 patent was reissued.

On cross examination at trial, Mr. Fleming insisted that he had spoken to B&L in the course of the reissue process relying upon his memory and his few notes from the original application period. Fleming insisted that he had not used the notebooks. When confronted by his own handwritten notations from September 1984, Fleming was forced to admit that he must have known about and used the notebook at least by September 1984. *TR. Vol. 4-592-96*. Upon further cross examination, HP established that Fleming had used the notebooks to gather certain

²¹The reason these questions were asked relates to dispute between B&L and HP over ownership of the patent. Mrs. Yeiser apparently had executed a quitclaim deed to HP, who was then claiming ownership. That dispute is irrelevant here, but it is highly relevant that when it sought the truth B&L knew how to ask direct questions.

information about Yeiser's whereabouts during the period in question, for example, the timing of his transfer and domicile in Florida. Despite the precision of the details provided by Fleming, neither Jobe, Robbins, nor Bogdon ever asked Fleming if he kept notebooks, if he referred to notebooks, or if he referred to any other written material in responding to B&L's inquiries. *TR. Vol. 4-596.*

B&L's position at trial was that although the oath requirement included an averment of error, this does not mean literal error. Howard Robbins stated that the "absence of the language [of the added claims] in the '950 patent is what was expressly stated to be the errors." *B&L Exhibits Vol. II* (Deposition of Howard Robbins at 361). To Robbins, it was "plainly evident from a review of the '950 file history" that omission of the narrower claims was error. *Id.* It was an error, from Robbins' and B&L's perspective, because they believed that the claims should have been included. During trial, Bogdon stated that after examination of the '950 patent, "we drew the conclusion that the claims that went to the driving roller means were inadvertently omitted." *TR. Vol. 6-876.* Yet Robbins, like Jobe, had no idea whether the omission of the intermediate claims was intentional. When asked to identify support in the file history for his belief, Robbins could only say that he looked at claim 1 of the patent, saw no intermediate claims deriving from claim 1, and concluded that Fleming and Yeiser must not have considered including such claims. *B&L Exhibits Vol. II* (Deposition of Howard Robbins at 368-69). Put another way, Robbins had "no reason to believe that the absence of that language [claims 10-12] was anything other than oversight, inadvertence." *Id.* at 368. Yet Robbins never asked Fleming directly whether he and Yeiser discussed narrower claims. *Id.* at 388. In effect, Robbins never asked the glaringly obvious question of why he omitted the material

added by B&L in its reissue claims, *i.e.*, how was it that Fleming committed this error that was so plainly obvious to Robbins.

Two experts testified at the trial. HP offered the testimony of James B. Gambrell. B&L countered with the testimony of Rafael V. Lupo. Both men are more than qualified to offer expert opinions in the areas of patent office practice, procedure, and standards of practice.²² As one would expect, the experts offered differing views on the proper characterization of B&L's conduct.

James Gambrell was not only qualified but fully prepared to offer his opinion of HP's conduct with respect to the reissue application. Gambrell had read all relevant testimony and records and was conversant regarding all matters pertinent to the issue of inequitable conduct in the procurement of the reissue application. Gambrell stated his opinion at the outset that he believed that the reissue patent "was inequitably obtained and should be held unenforceable." *TR Vol. 2-137*. The balance of his testimony on direct examination set forth the bases for his opinion.

Preliminary to the discussion of the basis of his opinion, Gambrell explained the concept of "error" within the meaning of 35 U.S.C. § 251, the primary reissue statute. If an inventor claims what he wants and receives what he claims, then there is no error. According to Gambrell, "[i]t's not a way in which you can go back and get a second bite at the apple just to see whether or not you might get [the patent] on a different basis or on a hindsight you think that you could have gotten a better

²² Mr. Gambrell's resume is found at *PX 148*. Mr. Lupo's resume is found in B&L general trial exhibits at *DX84*.

patent or one that's more to your liking due to what's happening in the industry." *TR. Vol. 2-140.*

Gambrell then described in detail the type of thorough investigation he would undertake as a reliable, competent patent practitioner seeking to reissue a defective patent. According to Gambrell, "[t]he patent office rules are very clear. When you sign a document submitting it to the patent office, your signature represents that there is good cause for that, and I think implicit in that is that you made a reasonable investigation." *TR. Vol. 2-164.* Gambrell concluded that B&L "had to make an investigation" to determine whether the declaration and affidavits were correct. *TR. Vol. 2-170.* In Gambrell's judgment, "in reading the record, that investigation was not made." *Id.*

In addition, Mr. Gambrell offered his opinion that B&L acted inequitably by failing to return to the PTO once it learned of the errors in Mr. Fleming's affidavits. *See TR. Vol. 2-295.* Gambrell testified that it was his "view that it would be proper practice, based on my experience in my profession, for a lawyer to [report Fleming's errors], under these circumstances." *TR. Vol. 2-299.* On cross examination, Gambrell admitted that he knew of no specific rule or regulation requiring a patent attorney to write to the PTO or seek a reissue if he learns that a prior reissue was granted on the basis of fraudulent representations. Gambrell's view was that in reissue or in an original application, the duty of candor is the same; it requires complete and honest disclosure of material information relating to the application in question.

On cross examination, Gambrell admitted that a reasonable patent attorney looking at the '950 patent could conclude that the absence of narrower claims defining the anti-slip drive in more detail was a defect. *TR. Vol. 2-319.* This is because "it [is] a conventional practice, among

patent attorneys who prosecute a lot of patent applications, to grade their claims so that they will have a broad claim and then they will have some narrower claims that add additional features of that broad claim." *TR. Vol. 2-320* (statement of B&L counsel Laurence Pretty in which HP expert James Gambrell concurred).

Gambrell completely agreed with B&L counsel that B&L's attorneys could have concluded that the failure to include narrower claims in the '950 patent was reissuable error. *Id.* However, Gambrell disagreed with B&L counsel when he suggested that customary practice would have led B&L's attorneys to conclude that the absence of the graded claims was simply "an oversight by the original attorney." *TR. Vol. 2-321.* If B&L simply had told the examiner that less had been claimed than was possible under the allowed claims of the patent and that the error was without deceptive intent, then Gambrell believed that B&L "would have had a legitimate basis to go in and try" to get a reissue. *Id.* But once B&L made affirmative representations, for example suggesting that the inventor and his attorney were guilty of "oversight," B&L had a duty to investigate the statement that "oversight" was involved and determine whether that was true in fact.

Once the Fleming affidavits were obtained, then B&L had an even more specific duty to ascertain whether Fleming's statements were at all corroborated by the other available evidence.²³ In other words, once B&L

²³Gambrell stated at one point: "[W]e're talking about a reissue situation, in which you have to establish that the defect occurred by error and without deceptive intent. And that's not just any situation." *TR. Vol. 3-414.*

Gambrell concluded that he "saw no basis for the reissue because the question is whether the inventor or the patentee committed — had a defective application, specification, claim or what have you, that

decided to attempt to explain why the narrower claims were not included in the patent, they had a duty to make a reasonable effort to be certain that the explanation given was factually correct. Because B&L did offer an explanation (first stating simply "oversight," and then adding the "lack of contact" and "lack of guidance" embellishments of the Fleming affidavits) and yet failed to investigate whether this explanation was truthful, Gambrell concluded that B&L had breached its duty of candor and committed inequitable conduct before the PTO.

Raphael V. Lupo testified as an expert on behalf of B&L. The subject area of his expertise was the prosecution of patent applications and reissue applications, and patent litigation practice and tactics. *TR. Vol. 6-996*. Mr. Lupo testified that it is standard practice for patent practitioners to include a range of broad and narrow claims in patent applications "as a hedge against the possibility that a claim may be found invalid in court. If a broad claim were found invalid in court, the remaining claims are still effective." *TR. Vol. 6-1000*. Also, a range of claims enhances the marketability of a patent because a later purchaser may be able to gain value from the licensing potential of a patent on narrow claims even if the broad claims are no longer of commercial value. *Id.* Lupo testified that he could think of no reason why an attorney would fail to include narrow claims depending from an allowable broad claim. *TR. Vol. 6-1002*. In Lupo's view, the most likely reason for omitting to include narrow claims is "oversight."

Lupo properly observed that the threshold inquiry under U.S.C. § 251 is whether there was a "defect" in the original patent. The next issue is whether the defect arose

was — that occurred as a result of an error without deceptive intent. . . ." *TR. Vol. 3-431-32*.

through an “error without deceptive intent.” *TR. Vol. 7-1026*. Mr. Lupo testified that failure to include narrower claims dependent from the allowable broad claim is a defect for purposes of reissue. *Id.* Such a defect can be determined from the face of the patent. *Id.*

Lupo then testified that an initial inference could be made based solely on the face of the patent whether the defect arose due to an error. *TR. Vol. 7-1027*. In Lupo’s view, B&L could have concluded from the file wrapper that the defect resulted from oversight without deceptive intent. The basis for this opinion was Lupo’s view that there was no reason for the omission of the intermediate claims; therefore, the omission must have been due to oversight. *TR. Vol. 7-1030*. As to the oversight, Lupo believed that it must have been without deceptive intent: “In my opinion, you have to infer [a lack of deceptive intent] just by looking at the patent itself. You get more information when you go to the file wrapper.” *TR. Vol. 7-1071*.

In cross examination, Lupo admitted to having never “examined a mechanical disclosure in my life.” *TR. Vol. 7-1056*. He also admitted that the ’950 patent is a mechanical disclosure. *Id.* So Mr. Lupo had absolutely no experience in examining patents such as the ’950 patent.

The Court must reject Mr. Lupo’s testimony on the subject of error and deceptive intent. As a matter of logic, Lupo’s position is untenable. After logically explaining why a defect could be obvious — as a technical issue — on the face of a patent, he then jumped to the unsupported assertion that failure to include certain claims must have been an oversight. There is a gap of logic here because Lupo offers no recognition of the fact that the reissue regulations and MPEP require that the party seeking reissue explain why the claims were not included. Lupo’s

position is a tautology: the inventor failed to include the claims because the inventor failed to include the claims. The point is that to obtain a reissue B&L had the legal responsibility to ascertain why the claims were omitted and to provide that explanation to the examiner. If no explanation could be found, then the examiner should have been so informed. Instead, B&L simply ignored the regulations and told the examiner nothing. When the examiner rejected that, then B&L offered whatever minimal excuse that would suffice, whether it was accurate or not. Lupo's testimony supports the untenable position that reissue always may be obtained simply by looking at the patent and, perhaps, the file wrapper. *TR. Vol. 7-1030.*

The conclusion of Lupo's testimony was that B&L did not commit inequitable conduct. Since B&L "could not know or did not know" about the errors in Fleming's affidavits, "they could not have purposely withheld that from the patent office." *TR. Vol. 7-1051.* The "error is one that is so clear to a reasonable patent attorney that it could be included [sic- concluded] that it was without deceptive intent because there is no conceivable reason that I can think of for not having put those in there." *TR. Vol. 7-1091.* According to Lupo, the reasonable inquiry B&L was required to make pursuant to the regulations of practice before the PTO was satisfied by reading the patent and the file wrapper. *TR. Vol. 7-1086.*

(E) *Conclusions of Law:*

From the findings of fact set forth above, the Court reaches the following conclusions of law.

B&L and its attorneys had a duty of candor and good faith with respect to its dealings with the PTO during the reissue application process. 37 C.F.R. § 1.56. The duty of candor consists in a responsibility to disclose to the PTO

all material information relating to the proceeding in question. *Id.* An integral part of the duty of disclosure is the duty of reasonable inquiry. *See MPEP* § 2001.02. The duty of reasonable inquiry means that an agent or attorney submitting an application to the PTO must make a reasonable effort to verify that representations made in the application are not erroneous. "For instance, if an applicant or applicant's attorney is aware of facts which indicate a reasonable possibility that . . . information material to examination may exist, they are expected to make reasonable inquiries to ascertain such information and to submit" it to the PTO. *Id.* This duty continues at least until the time that the application is acted upon. Hence, applicants have a continuous duty to update their applications as information is unearthed. For example, if new information or prior art is discovered casting into doubt the patentability of an invention, the applicant has a duty to submit that information or prior art "with reasonable promptness." *MPEP* § 2002.03(a).

In this case, B&L has breached its duty of candor before the PTO by failing to be forthright in its reissue application and by failing to conduct reasonable investigation. There is also a serious question whether B&L failed to update or temporarily withdraw its application when it learned of the serious discrepancies in Lawrence Fleming's affidavits.

Jonathan Jobe admitted on cross examination that the reissue oath or affidavit is the "guts" of the reissue proceeding and that it is the primary instrument for gaining approval for reissue. *TR. Vol. 4-632*. Nevertheless, Jobe and B&L drafted the original application, in particular the declaration of George More, with a remarkable lack of care. As described in detail above, B&L said that the defect was due to "oversight" but did not tell the

examiner that the basis for this assertion was merely opinion. B&L could have satisfied its duty of candor by simply informing the examiner that it had no information and had done no investigation other than reading the patent and the file history, but in its view there was a defect because any intelligent patent agent would have included narrower claims. Instead, B&L represented to the PTO that the omission was due to "oversight" by the inventor and his agent, even though B&L had no evidence to support the assertion. At a minimum, this was gross negligence.

Once B&L made the affirmative representation that "oversight" occurred, it then had a concomitant duty to make a reasonable investigation to assure the statement's accuracy. Yet, no one from B&L contacted anyone involved in the prosecution of the original patent. B&L did not contact Fleming, Milton Roy, Milton Roy's attorneys in Philadelphia, LDC, LDC President Tarantino, Ronald Ross who was Yeiser's number one assistant, or anyone else who was involved in or who had an interest in the procurement of the '950 patent. Jobe himself only remembers reading the patent itself. *TR. Vol. 4-639* (quoting from deposition testimony of Jonathan Jobe). He read some, though possibly not all, of the file history prior to submitting the application. *TR. Vol. 4-638*. Jobe was not sure whether he read the prior art references cited against the original patent. *TR. Vol. 4-635-37*.

At trial Jobe said he thought he had reviewed the prior art, but at trial HP pointed out that in his deposition testimony Jobe firmly stated that he could not express a view "one way or the other." *Id.* The Court does not find Mr. Jobe credible in his new found recollection. Based on his deposition testimony and the casualness with which B&L approached the reissue application, it is likely that

Jobe never reviewed the prior art, or, if he did, he did so without attempting to ascertain whether the prior art bore any relationship to Yeiser and Fleming's ability to state narrower claims of the sort pursued in the reissue application. In essence, Jobe likely never considered that Yeiser and Fleming had seen the prior art and decided that it either foreclosed laying claim to narrower specifications, or made such specifications undesirable. Jobe and all the others at B&L never considered investigating whether there was an error because they began from the premise that the patent was defective in not claiming those elements of the invention which B&L then wished to assert against HP and others. *TR. Vol. 4-649-50*. In their minds, the existence of the "defect" was equivalent to an error, *TR. Vol. 4-651* (Jobe testimony); *TR. Vol. 5-788* (Robbins testimony), which is precisely what their expert testified. *See TR. Vol. 7-1027-30* (Lupo testimony).

This leads to the question of whether B&L ever investigated to determine whether there was reissuable error, *i.e.*, whether the defect was due to an error that was susceptible of correction through reissue. B&L's position at trial was that there was no duty in this regard because the defect was so blatantly obvious. Even on direct examination, B&L officials refused to acknowledge the distinction between a defect and a reissuable error. *See TR. Vol. 5-823* (testimony of Howard Robbins: "I am just trying to understand the question.") In direct testimony, Howard Robbins stated that the basis for his belief that the '950 patent was reissuable due to error was because "it appeared to me the applicant had claimed less than the applicant had a right to claim in the original Yeiser '950 patent." *TR. Vol. 5-722*. Properly describing the statutory defect as a "failure" rather than an error, B&L's attorney tried to inquire whether the "failure was a result of error or not?" *Id.* Robbins' response was to state that on the

face of the patent he was able to determine that the omission of material that could have been claimed "was reissuable error." *TR. Vol. 5-723*. In implicitly explaining his unwillingness to separate the concept of a defect from the error that caused it, as is described in the statute, Robbins stated that "a reasonably prudent patent practitioner would have included those further characterizations of the driving mechanism dependent from claim 1." *Id.*

The point missed by Robbins and others at B&L is that what was "reasonable" for Yeiser and Fleming at the time is inevitably a function of the prevailing circumstances. Without any idea of the circumstances in which the original patent was obtained, B&L's reissue application was submitted with reckless indifference to the statutory requirements. B&L did not know and did not care whether an error had been made; there was a defect and a need for reissue and any sort of averment of error was adequate.

The Court must reject this logic and this approach because it does violence to the purpose and spirit of the reissue statute. The requirements for reissue are quite clearly stated in the regulations. The requisite elements for the oath requirement are also clearly articulated in 37 C.F.R. § 1.175 and are augmented by the MPEP § 1404.03. Case law further evinces that "not every event or circumstance that might be labeled "error" is correctable by reissue." *In re Weiler*, 790 F.2d 1576, 1579 (Fed. Cir. 1986). The Federal Circuit has emphasized that the reissue statute is not a "panacea" for all prosecution mistakes or a "grant to a patentee of a second opportunity to prosecute *de novo* his original application." *Id.* at 1582. Thus, plaintiff's expert James Gambrell is correct in stating that B&L's views of the '950 patent were irrele-

vant.²⁴ The real issue was whether Yeiser and Fleming were satisfied:

[W]hen you're talking about the scope of claims, the question whether there are narrower claims and whether that defect occurred as a result of error without deceptive intent, is inherently and importantly a question which is devoted and directed to the inventor and patentee who is the person who is claiming and obtaining the patent.

And so, therefore, what you need to know is what Yeiser felt was defective, if anything, and whether that was an error on his part; not whether you go back and look and say, "Gee, I would like to have claims on another feature or another aspect of this invention."

That's not enough for reissue. The question is: did Yeiser find a defect or would he have felt there was a

²⁴It is obvious that Mr. Gambrell read *Weiler* with care, for his testimony is fully consistent with the court's ruling. For example, as quoted earlier, Gambrell stated at one point: "[W]e're talking about a reissue situation, in which you have to establish that the defect occurred by error and without deceptive intent. And that's not just any situation." *TR. Vol. 3-414*. In another portion of his testimony, Gambrell stated:

Reissue applications are not permitted to allow you to reargue whether you have the proper coverage for your invention. That's not the purpose of the reissue. You have to find a defect that was caused by an error without deceptive intent and if Mr. Yeiser got the kind of claims he wanted, that's all he's entitled to and he's not entitled to go back and reissue for that reason just because somebody else has decided in hindsight that they would like to have some other kinds of claims.

defect that occurred through error without deceptive intent?

TR. Vol. 3-431-32.

No one at B&L knew whether claims of the character of reissue claims 10-12 had been considered by Yeiser or Fleming. *TR. Vol. 4-652* (testimony of Jonathan Jobe). In filing the original reissue application, B&L was not concerned with the details of the original patent prosecution; they simply wanted the reissue. B&L spoke to no one. *TR. Vol. 4-653* (testimony of Jonathan Jobe). B&L did not contact Fleming. B&L did not contact the original assignee of the patent, LDC. B&L did not contact the original owner of the patent by assignment from LDC, Milton Roy. B&L did not contact Milton Roy's attorney in Philadelphia who had monitored Fleming's prosecution of the patent. B&L did not seek out or speak to Fleming's number one assistant, Ronald Ross. B&L did not speak to Yeiser's wife Patsy or to any of his professional associates or personal friends who might have information regarding the conduct of the original patent proceedings. Worse still, when they were told by the examiner to contact the original patent agent, they did not once ask him whether he or Yeiser had considered adding narrower or intermediate claims to the '950 patent application. Once again, B&L was determined to obtain a reissue and was not concerned about whether its representations corresponded to the actual reality. B&L clearly breached its duty to make a reasonable investigation of its representations.

There is also a serious question whether B&L breached its duty to provide the PTO with information contradicting its reissue application. Defendant's expert Rafael Lupo testified that the whole patent system depends on the good faith candor of the attorneys prosecuting cases

before the PTO. *TR. Vol. 7-1075*. When an attorney breaches the duty of candor, inequitable conduct has been committed. *Id.* Lupo also admitted, and the facts are clear on this, that when B&L investigator Bill Ellis met with Lawrence Fleming in September 1984, the reissue application was still pending. At that meeting, Ellis may have learned, if he did not already know, that Fleming had several volumes of notebooks kept during the relevant time period of the original patent application. Nonetheless, B&L did nothing. It neither examined the notebooks nor asked for a stay of its application pending review of the notebooks.

There is a gap in HP's case on this point because it never established that B&L knew about the notebooks as a result of the September 1984 meeting between Ellis and Fleming. The reference to the notebooks in Fleming's notes of that meeting is plain, but HP did not establish that B&L saw Fleming's notes or that Fleming told Ellis about the notebooks. Thus, it might be the case that B&L truly did first learn of the existence of the notebooks during a deposition of Mr. Fleming taken in this litigation.²⁵ A contrary inference is also possible. Considering that the burden of proof was on HP, the Court concludes that B&L was not apprised of the existence of the notebooks as a result of the September 1984 meeting between Fleming and Ellis.

B&L's knowledge about the notebooks leads to consideration of B&L's state of mind throughout the reissue proceeding. As discussed above, the Federal Circuit in

²⁵ Of course, this would not mitigate B&L's breach of its duty to investigate by failing to inquire about something as obvious as a patent agent's time notebooks, but it would eliminate a duty to report contrary information learned during the pendency of the reissue application.

FMC Corp. stressed that good faith intent is a complete rebuttal to the affirmative defense of inequitable conduct. The Court was able to hear the testimony of four of the principal actors for B&L in the reissue proceedings, including Lawrence Fleming, Jonathan Jobe, Howard Robbins, and Bernard Bogdon. In one way or another, each of the individuals averred a good faith intent during the reissue application process. On this point, defendants received partial support from plaintiff's expert Gambrell who stated that he saw "nothing that shows they were intentionally trying to be dishonest." *TR. Vol.3-381.*

When all the evidence is added up, however, all that defendants present are mere denials of intent to mislead. Pursuant to *J.P. Stevens* and *FMC Corp.*, this is not enough. At every step of the reissue process, B&L refrained from exerting any but the least effort in determining the truth. "Studied ignorance" is perhaps the best way to describe B&L's position. B&L's attorneys sought to know as little as possible about the original application proceeding. They ignored the reference in the file history of the '950 patent to the existence of commercial embodiments of the mechanism when Fleming told them he had only a crude model. They made a representation of "oversight" that was "without deceptive intent" when they had absolutely no idea whether the statement was true. When directed by the examiner to obtain the statement of the original patent agent, they did so, but under circumstances wherein the agent was *told* he had made an error and asked for some rationalizations. Moreover, in eliciting the rationalizations both B&L attorneys were fastidiously careful not to ask crucial, almost painfully obvious questions about the original patent application. And despite the fact that the patent agent was an elderly man being asked to recall events transpiring a decade before, B&L never undertook to confirm any facts provided by

Mr. Fleming. In short, the entire process was antiseptically clean and devoid of even a hint of dirt having been dislodged in the investigation. The duty of candor and good faith is not so easily discharged. B&L has not demonstrated that it acted in good faith and the witnesses' testimony is not credible on that subject.

For the reasons described above, the Court concludes that B&L committed inequitable conduct in procuring the Yeiser reissue patent. The Court cannot conclude that the attorneys acted in good faith. Therefore, the nine remaining claims of the reissue patent which correspond to the original '950 patent are hereby declared unenforceable.

V.

CONCLUSION

All twelve claims of the Yeiser reissue patent are void. Claims 10-12 are invalid because they were obtained in contravention of the statutory and regulatory requirements. Claims 1-9 of the Yeiser reissue patent, which are the original nine claims of the '950 patent, are unenforceable due to the inequitable conduct of B&L during the reissue application process.

The Court intends that this order serve as findings of fact and conclusions of law as required by Fed. R. Civ. P. 52. Judgment shall be entered in favor of HP and against B&L.

A further status conference is set for Friday, July 13, 1988 at 3:00 P.M. to discuss the trial of the companion case to this action. The parties are requested to file written status conference statements no later than Friday, July 6, 1988.

IT IS SO ORDERED.

DATED: May 18, 1988

ROBERT P. AGUILAR
United States District Judge

105a

FILED MAY 18
WILLIAM WHITTAKER
CLERK
U.S. DISTRICT COURT
NO. DIST OF CA. S.J.
No. C84-20642 RPA

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

HEWLETT-PACKARD COMPANY,
Plaintiff,

vs.

BAUSCH & LOMB, INC.,
Defendant.

JUDGMENT

Pursuant to this Court's "Order Re Affirmative Defense of Inequitable Conduct" of this date, judgment is hereby entered in favor of plaintiff Hewlett-Packard Company, and judgment is hereby entered against defendant Bausch & Lomb, Inc.

IT IS SO ORDERED.

DATED: May 18, 1988

ROBERT P. AGUILAR
United States District Judge

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

89-1390, -1391

HEWLETT-PACKARD COMPANY,
Plaintiff/Cross-Appellant,

v.

BAUSCH & LOMB INCORPORATED,
Defendant-Appellant.

ORDER

Before NIES, Circuit Judge, BISSELL, Circuit Judge,
and BALDWIN, Senior Circuit Judge.

A petition for rehearing having been filed in this
case, UPON CONSIDERATION THEREOF, it is
ORDERED that the petition for rehearing be, and
the same hereby is, denied.

FOR THE COURT,

Francis X. Gindhart
Clerk

Dated: October 6, 1989

cc: LAURENCE K. PRETTY
S. LESLIE MISROCK

HEWLETT-PACKARD V. BAUSCH & LOMB,
89-1390, - 1391.

FILED U.S. COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

OCT. 6, 1989

FRANCIS X. GINDHART, CLERK.

Note: This order has not been prepared for publication
in a reporter.

(3)
No. 89-979

Supreme Court, U.S.

FILED

JAN 18 1990

JOSEPH F. SPANIOL, JR.
CLERK

IN THE

Supreme Court of the United States

October Term, 1989

BAUSCH & LOMB INCORPORATED,

Petitioner,

vs.

HEWLETT-PACKARD COMPANY,

Respondent.

On Writ of Certiorari to the United States
Court of Appeals for the Federal Circuit

BRIEF IN OPPOSITION TO PETITION FOR CERTIORARI

S. LESLIE MISROCK
JONATHAN A. MARSHALL
PENNIE & EDMONDS
1155 Avenue of the Americas
New York, New York 10036
(212) 790-9090

Of Counsel:

BRIAN D. COGGIO
JON R. STARK
STEVEN I. WALLACH
JOHN J. NORMILE
PENNIE & EDMONDS
WILLIAM H. MACALLISTER
HEWLETT-PACKARD COMPANY

QUESTION PRESENTED

When a federal district court judge who is otherwise qualified to hear a case does not disclose to the litigants a non-disqualifying fact, does his failure to disclose that fact in itself provide grounds for his disqualification?

PARTIES

The Respondent is Hewlett-Packard Company, a corporation which has no parent, subsidiary, or affiliate companies.

TABLE OF CONTENTS

	<i>PAGE</i>
QUESTION PRESENTED	i
PARTIES	ii
TABLE OF AUTHORITIES	iv
STATEMENT OF THE CASE	1
REASONS FOR DENYING THE WRIT	4
A. SUMMARY OF ARGUMENT	4
B. ARGUMENT	5
1. NON-DISQUALIFYING FACTS ARE NOT REND- ERED DISQUALIFYING MERELY BECAUSE A LITIGANT IS UNAWARE OF THEM	5
2. THE DECISION BELOW PRESENTS NO CON- FLICT WITH THE HOLDINGS OF THIS COURT OR WITH THOSE OF OTHER CIRCUITS.	6
3. THE PETITION REFLECTS ONLY THE LAST DITCH EFFORT OF A DISAPPOINTED LITIGANT, NOT A QUESTION OF BROAD PUBLIC SIGNIFI- CANCE	8
CONCLUSION	11
APPENDIX	
Order of United States District Court for the Northern District of California, dated August 1, 1988	1a

TABLE OF AUTHORITIES

PAGE

Cases

<i>In re Drexel Burnham Lambert Inc.</i> , 861 F.2d 1307 (2d Cir. 1988), <i>cert. denied</i> , 104 L. Ed. 2d 1012, 109 S. Ct. 2458 (1989).....	9, 10
<i>Goldberg v. Goldston</i> , Copyright L. Rep. ¶ 25,203 (S.D.N.Y. 1980)	6, n.7
<i>Liljeberg v. Health Services Acquisition Corp.</i> , 486 U.S. 847, 108 S. Ct. 2194, 100 L. Ed. 2d 855 (1988)	4, 6, 8
<i>In re National Union Fire Insurance Co.</i> , 839 F.2d 1226 (7th Cir. 1988)	6, 7, 8, 9
<i>Securities Investor Protection Corp. v. Bell & Beckwith</i> , 28 Bankr. 285 (Bankr. N.D. Ohio 1983)....	6, n.7

Statutes, Codes, and Regulations

28 U.S.C. § 144 (1982)	10, n.9
28 U.S.C. § 455(a) (1982).....	3, 4, 5
28 U.S.C. § 455(b)(1) (1982)	10
28 U.S.C. § 455(b)(5)(iii) (1982)	3, 4
Sup. Ct. R. 17.....	6
Fed. R. Civ. P. 60(b)(6).....	9

Other Authorities

H.R. Rep. No. 1453, 93d Cong., 2d Sess., <i>reprinted in</i> 1974 U.S. Code Cong. & Admin. News 6351	8, n.8
Resolution L of the Judicial Conference of the United States, <i>Review of the Activities of Judicial Conference Committees at IV-27</i> (Sept. 1982).....	7, 8, 10

STATEMENT OF THE CASE

The Petition now before the Court stems from one of three related cases between the same parties all of which were heard by the same district court judge. All three cases involved patents relating to computer graphics devices known as X-Y plotters. Following Hewlett-Packard's introduction of a new and extremely successful X-Y plotter, Bausch & Lomb, a competitor, learned of a patent ("the Yeiser patent") which appeared to Bausch & Lomb to relate to Hewlett-Packard's plotters, and purchased an interest in that patent with the intention of asserting it against Hewlett-Packard. Recognizing that the claims of the Yeiser patent were flawed for its purposes, Bausch & Lomb sought and obtained a reissue of the Yeiser patent having additional claims (P.A. 4-5).¹ At once, Bausch & Lomb charged Hewlett-Packard with infringement of the reissued Yeiser patent, and litigation ensued.

The first of the three civil actions ("the title case"), filed by Hewlett-Packard in state court in California, concerned Hewlett-Packard's competing claim to the ownership of the Yeiser patent; Bausch & Lomb was successful in having the title case removed to federal court where it was assigned to Judge Aguilar. The second action, also filed by Hewlett-Packard, was for a declaratory judgment of invalidity, unenforceability, and non-infringement of the reissued Yeiser patent in which, *inter alia*, Hewlett-Packard challenged the enforceability of that patent based upon Bausch & Lomb's conduct in obtaining reissue from the Patent Office. The second action was assigned from the outset to Judge Aguilar. It is the case from which the Petition has resulted. A later filed third case, charging Bausch & Lomb with infringement of Hewlett-Packard's LaBarre patent, was also assigned to Judge Aguilar, and was consolidated with the action on the enforceability of the Yeiser patent.

¹"P.A." denotes the petition appendix provided by Bausch & Lomb, containing the decision of the Federal Circuit below.

In the title case, Judge Aguilar granted summary judgment to *Bausch & Lomb*, determining that it was the sole owner of the Yeiser patent. Significantly, had Judge Aguilar decided the title case for *Hewlett-Packard*, the issues in the declaratory judgment action would have been mooted, and that case never would have been tried.²

After a bench trial on one of Hewlett-Packard's affirmative defenses in the declaratory judgment action, Judge Aguilar found that all claims of the Yeiser reissue patent were unenforceable by reason of Bausch & Lomb's inequitable conduct in the reissue proceedings.³ That conduct included the submission of a declaration and two affidavits to the Patent Office which, the Federal Circuit ruled, included not only "blatant misstatements" but "pure fiction" (P.A. 11). The factual findings by Judge Aguilar were not challenged by Bausch & Lomb on appeal and are not disputed here.

²It is revealing that Bausch & Lomb does not question Judge Aguilar's impartiality or seek his recusal in the title case in which Bausch & Lomb prevailed, but only in the declaratory judgment case which it lost. The explanation Bausch & Lomb offered below was that the title case was decided on summary judgment, so that Judge Aguilar was not called upon to evaluate witness credibility, and therefore, Bausch & Lomb's concerns regarding any appearance of impropriety did not arise in that case. That attempted distinction fails here, because it is illogical to suggest that the existence of a judicial duty of disclosure depends upon whether a case will ultimately be decided on summary judgment or after trial. No one can know whether a case will eventually go to trial, and a judge cannot have a duty which arises only in an unidentifiable set of cases.

³In the Petition, Bausch & Lomb describes the judgment which rendered all claims unenforceable as "draconian" (Petition at 4) and reports that the Federal Circuit "reversed" that portion of the judgment (Petition at 6). That representation is false. The Federal Circuit did *not* reverse; it vacated and remanded only for the District Court to make one "missing finding" (P.A. 14). Furthermore, the Federal Circuit confirmed that there was nothing draconian about the judgment, by explicitly invoking the rule of law that inequitable conduct with respect to reissue claims will nullify all the original patent claims as well (P.A. 15-16). Indeed, Bausch & Lomb has not sought review of any substantive holding in this Court. Thus, Bausch & Lomb's attempts to imply any irregularity or bias in the trial court's decision ring hollow and are wholly without basis.

After Judge Aguilar's decision was rendered, Stephen Fox, a Hewlett-Packard attorney, learned that Judge Aguilar's son was employed by Hewlett-Packard, and reported that information to trial counsel, who in turn informed Bausch & Lomb.⁴ Bausch & Lomb immediately moved to disqualify Judge Aguilar under 28 U.S.C. § 455(a) and (b)(5)(iii), asserting that the circumstance of his son's employment would cause a reasonable observer to question his impartiality, and that such employment constituted an interest that could be substantially affected by the outcome of the proceeding (O.A. 1).⁵ A single motion was presented in the consolidated actions on the Yeiser and LaBarre patents,⁶ but no corresponding motion was made in the title case, despite the fact the judge's son had been continuously employed by Hewlett-Packard throughout the pendency of that action as well.

The facts of record showed that Judge Aguilar's son held a non-managerial position at a distantly located division

⁴Contrary to Bausch & Lomb's statement (Petition at 5), Mr. Fox was never assigned to this case. Although Bausch & Lomb complains that Hewlett-Packard had not earlier disclosed its employment of Judge Aguilar's son, describing it as "a failing that Hewlett-Packard has since attributed" to lack of awareness, (Petition at 4) the record is unchallenged that the Hewlett-Packard personnel involved had no knowledge of the existence of the judge's son, and no duty to poll some 83,000 employees for any possible relationship with Judge Aguilar.

⁵"O.A." refers to the appendix to this Brief in Opposition, which contains the decision of the district court on the disqualification motion. Bausch & Lomb's Petition Appendix provides only the trial court's decision on the merits, which does not address disqualification issues.

⁶The LaBarre patent case had not yet gone to trial. In that action, Bausch & Lomb admitted infringement of the LaBarre patent, but argued that the patent was invalid, relying principally upon prior art which had already been considered and found inadequate to defeat patentability of the LaBarre invention by the Patent Office. Judge Aguilar eventually ruled for Hewlett-Packard, finding that Bausch & Lomb had not provided clear and convincing evidence to overcome the statutory presumption of validity which attaches when a patent application passes the scrutiny of examination by the Patent Office. No irregularity or bias is reflected in that decision.

which had no connection with the divisions that developed the products involved in the suit, and where his employment and financial interests would not be impacted by the outcome of the litigation (P.A. 28). Judge Aguilar denied the motion, finding no factual basis for disqualification under section 455(b)(5)(iii), and finding nothing in the circumstance of his son's employment which would raise reasonable doubts about his impartiality under section 455(a).

On appeal, Bausch & Lomb abandoned its factually unsupported arguments under section 455(b)(5)(iii), and urged that employment of the judge's son was virtually a *per se* basis for disqualification under section 455(a). The Federal Circuit, applying the principles explained in *Liljeberg v. Health Services Acquisition Corp.*, 486 U.S. 847, 108 S. Ct. 2194, 100 L. Ed. 2d 855 (1988), affirmed the denial of the motion.

Bausch & Lomb has now also abandoned its argument that Hewlett-Packard's employment of the judge's son is a fact which requires disqualification. Instead, it urges in its Petition as the grounds for disqualification the non-disclosure of that fact, not the fact itself. Accordingly, there is now no dispute between the parties that Judge Aguilar would not have been disqualified from sitting by reason of his son's employment, had he just disclosed that employment to the litigants. The issue here then is whether Judge Aguilar was under a duty pursuant to section 455(a) to disclose that non-disqualifying fact, such that non-disclosure is in itself disqualifying.

REASONS FOR DENYING THE WRIT

A. SUMMARY OF ARGUMENT

The Petition proposes to impose a duty on judges which is entirely without basis in statute or case law. If it existed, that duty would lead to the absurd result of elevating non-disqualifying circumstances into a basis for demanding recusal, solely because a litigant was not fully informed of

those innocuous circumstances by the court. In refusing to recognize such a duty, the decision below is completely consistent with the holdings of other circuits and of this Court; no such duty has ever been found.

Such a duty would serve no broad public interest, but only the narrow private concerns of disappointed litigants seeking to escape adverse decisions. It would not promote public confidence in the judiciary, but would provide a mechanism for the sound decisions of qualified judges to be circumvented by litigants who do not prevail on the merits.

B. ARGUMENT

1. NON-DISQUALIFYING FACTS ARE NOT RENDERED DISQUALIFYING MERELY BECAUSE A LITIGANT IS UNAWARE OF THEM

The duty which Bausch & Lomb seeks to impose on judges is perhaps most remarkable for the illogical results which would flow from it. As proposed by the Petition, failure by a judge to disclose a fact "of relevance to his impartiality" would generate a separate and independent ground for his disqualification (Petition at i). Under that standard, a fact which is "relevant", even though not disqualifying, must then be disclosed, or a litigant who later learns of it can escape from adverse decisions of that judge by moving for recusal and vacatur.

Thus, non-disqualifying circumstances would be transformed somehow into disqualifying facts, depending upon the extent of a litigant's awareness of them, and 28 U.S.C. § 455(a) would be essentially re-written to provide that an appearance of impropriety exists whenever a judge leaves a relevant but non-disqualifying fact unmentioned. In effect, a judicial *voir dire* would be necessary to comply with section 455(a).

Before this Court, it is uncontroverted that no appearance of impropriety arises from Judge Aguilar's

son's employment. Nonetheless, Bausch & Lomb asserts that its prior ignorance of that non-disqualifying circumstance should permit it selectively to erase certain of Judge Aguilar's decisions. Certainly, Congress did not intend section 455 to be a tool for litigants to shop for favorable decisions, and circumvent those which are considered unfavorable.

2. THE DECISION BELOW PRESENTS NO CONFLICT WITH THE HOLDINGS OF THIS COURT OR WITH THOSE OF OTHER CIRCUITS

Despite Bausch & Lomb's efforts to identify a basis for review under Supreme Court Rule 17 (Petition at 7), the decision of the Federal Circuit is wholly consistent with the decisions of this Court, and with those of the Seventh Circuit: no court has held that section 455 imposes a duty to disclose a fact when that fact fails to give rise to an appearance of impropriety.⁷

Specifically, there was no such ruling by this Court in *Liljeberg*. Bausch & Lomb notes that, under the peculiar circumstances of *Liljeberg*, this Court approved vacatur as encouraging judges and litigants to disclose facts that bear on possible grounds for disqualification. However, Bausch & Lomb makes too large a leap in reading into that approval a holding that section 455 contains a Congressionally-imposed duty on judges to disclose such facts.

Similarly, the Federal Circuit's holding below is consistent with the Seventh Circuit's decision in *In re National Union Fire Insurance Co.*, 839 F.2d 1226 (7th Cir. 1988).

⁷There certainly is no such holding in the two cases cited by Bausch & Lomb in its Petition at 11, *Goldberg v. Goldston*, Copyright L. Rep. ¶ 25,203 (S.D.N.Y. 1980); *Securities Investor Protection Corp. v. Bell & Beckwith*, 28 Bankr. 285 (Bankr. N.D. Ohio 1983). In each, the trial judge determined (in a decision that was not reviewed by any appellate tribunal) that the facts *did* constitute a basis for disqualification, and so recused himself. Neither, therefore, has any bearing on the question of a duty to disclose a fact that has been adjudged (and affirmed by the Federal Circuit) *not* to give rise to a basis for disqualification.

While Bausch & Lomb notes that the court in *National Union* "opined" as to what the best practice may be (Petition at 8), nowhere in its decision did the Seventh Circuit rule that any duty of disclosure is prescribed in section 455.

Bausch & Lomb also suggests that the decision below deviates from current law by relying upon Resolution L of the Judicial Conference of the United States, which it asserts is "of uncertain status today" because its adoption preceded the 1974 amendment to section 455 (Petition at 8 n.8). Bausch & Lomb would ignore, however, that the vitality of Resolution L was confirmed with its citation by the Seventh Circuit in 1988 in *National Union*, 839 F.2d at 1231. Moreover, Resolution L has continued to provide sage guidance to the federal judiciary even after the amendment to section 455:

In all cases involving actual, potential, probable or possible conflicts of interests, a federal judge should reach his own determination as to whether he should recuse himself from a particular case, without calling upon counsel to express their views as to the desirability of his remaining in the case. The too frequent practice of advising counsel of a possible conflict, and asking counsel to indicate their approval of a judge's remaining in a particular case is fraught with potential coercive elements which make this practice undesirable.

Resolution L of the Judicial Conference of the United States, *Review of the Activities of Judicial Conference Committees* at IV-27 (Sept. 1982).

Bausch & Lomb denies the applicability of that guidance by distinguishing disclosure alone from disclosure coupled with a request for consent of the parties (Petition at 8). In truth, there is no practical difference between, on the one hand, a judge disclosing a fact regarding a possible conflict

and seeking the views of counsel and, on the other hand, a judge merely disclosing such a fact. While the former procedure contains an explicit request for the consent of counsel to proceed, the latter procedure contains an implicit request that can be just as coercive. Under both situations, the parties must decide whether they wish to risk alienating the judge with a request for recusal. The message to counsel in both cases thus is the same: speak now, or forever hold your peace.

Recusal is an issue that Congress has wisely left to the discretion of judges, and the disclosure of non-disqualifying facts can be treated no differently.⁸ In this case, Judge Aguilar exercised his discretion, guided by Resolution L, and concluded that a reasonable observer with knowledge of all the facts would find no basis on which his impartiality might reasonably be questioned. The Federal Circuit applied the standards of *Liljeberg* and *National Union*, and found no abuse of discretion in that decision. Clearly, no conflict in the case law has been presented to justify granting certiorari.

3. THE PETITION REFLECTS ONLY THE LAST DITCH EFFORT OF A DISAPPOINTED LITIGANT, NOT A QUESTION OF BROAD PUBLIC SIGNIFICANCE

Of course, the ultimate objective of the present Petition is to enable Bausch & Lomb to renew the motion that it coupled with its recusal motion below: to vacate under

⁸Bausch & Lomb wrongly suggests that the 1974 amendment to section 455 undermines the entrusting of recusal issues to judicial discretion (Petition at 8 n.8). While Congress sought to replace section 455's previous subjective standard with an objective standard of judicial disqualification, Congress also provided that questions of disqualification should continue to be resolved in the discretion of each judge and reversed only for "an abuse of sound judicial discretion." H.R. Rep. No. 1453, 93d Cong., 2d Sess., reprinted in 1974 U.S. Code Cong. & Admin. News 6351, 6355.

Fed. R. Civ. P. 60(b)(6) those rulings of Judge Aguilar which are unfavorable to Bausch & Lomb. Bausch & Lomb has never sought vacatur of all of Judge Aguilar's rulings relating to the Yeiser patent, only those which are adverse. By failing to ask for vacatur of the favorable decision in the title case while hypocritically invoking concerns about public perceptions of the administration of justice, Bausch & Lomb reveals that its only motivation in filing the present Petition is to avoid the consequences of its own unenviable conduct in submitting "pure fiction" in affidavits to the Patent Office.

The Petition is thus an instrument of tactics, not of public interest, as reflected by Bausch & Lomb's earlier conduct in this litigation. Although Bausch & Lomb now complains that its prior ignorance of the employment of Judge Aguilar's son should negate adverse decisions, it proceeded to trial on the LaBarre patent before Judge Aguilar, while its Federal Circuit appeal of the disqualification motion was pending. Certainly, had Bausch & Lomb truly felt that vital public interests were at stake, it could have moved for a stay, or sought a writ of mandamus to overturn Judge Aguilar's decision, as did the parties seeking disqualification in *National Union*, 839 F.2d at 1227, and *In re Drexel Burnham Lambert Inc.*, 861 F.2d 1307, 1309 (2d Cir. 1988), *cert. denied*, 104 L. Ed. 2d 1012, 109 S. Ct. 2458 (1989). Bausch & Lomb chose to proceed without further challenge to Judge Aguilar, perhaps in the belief that its saber-rattling would deter Judge Aguilar from ruling against it in the LaBarre case.

Bausch & Lomb's advocacy before this Court is also revealing. For example, it suggests that Judge Aguilar kept "secret the existence of a source of bias" in a procedure equivalent to having "been assigned to the Star Chamber" (Petition at 10). First, there is no source of bias in this case. Bausch & Lomb has never charged that Judge Aguilar exhibited any actual bias, as it has never requested disqualification under the provision of section 455 which allows a party to allege that a judge has

"a personal bias or prejudice concerning a party." 28 U.S.C. § 455(b)(1).⁹ Second, the recusal issue was decided not by any "Star Chamber", but in open court by the trial judge after full briefing by both parties, and that decision was reviewed and affirmed by the Federal Circuit.

Since the arguments in the Petition are not supported by the record, Bausch & Lomb reaches beyond it, citing to this Court certain press reports as "testament to the serious nature of the threat to public perception of the judiciary" (Petition at 12). As the Federal Circuit noted below, "[w]ithout anything in the record to establish how those articles came to be written, however, they are not persuasive of B&L's premise" (P.A. 29). And as the Second Circuit recently observed, "[j]udicial inquiry may not...be defined by what appears in the press." *Drexel Burnham*, 861 F.2d at 1309.¹⁰

Last, and certainly least worthy, Bausch & Lomb strains to color the inquiry before this Court by smearing Judge Aguilar personally. With the pretense of demonstrating that this case has not been mooted—*mootness never having been in issue*—Bausch & Lomb opens its statement of the case with a reference to an indictment and criminal trial which have absolutely no connection to this case or the issues raised by it (Petition at 2 n.2). Bausch & Lomb would also sling mud at Judge Aguilar for having "chose[n] a lower road", and for having been "less than candid sitting in judgment of the candor of others", when it is beyond question that he carefully followed the guidance of Resolution L of the Judicial Conference (Petition at 12). Such attacks come with ill grace from a litigant who purports to vindicate the cause of public confidence in the judiciary.

⁹Bausch & Lomb also could have requested disqualification under 28 U.S.C. § 144, which provides that another judge be assigned to consider the allegation of bias or prejudice.

¹⁰If this Court does decide to go outside of the record to consider any press reports, it should consider *If All Else Fails, Blame the Judge*, Wall St. J., July 15, 1988, at 17, col. 2.

Given that Bausch & Lomb challenges only those decisions of Judge Aguilar that it does not like, that Bausch & Lomb must reach outside the record and distort the truth in its Petition to this Court, and that no source of bias—actual or apparent—exists in this case, it becomes evident that Bausch & Lomb is concerned solely with its own private interests that are adversely affected by Judge Aguilar's decisions. Bausch & Lomb's disappointment with those decisions, without more, does not raise issues which merit the grant of a writ of certiorari.

CONCLUSION

For the reasons presented, the writ of certiorari should be denied.

Respectfully submitted,

S. Leslie Misrock
Jonathan A. Marshall
Attorneys for Respondent

Of Counsel:

Brian D. Coggio
Jon R. Stark
Steven I. Wallach
John J. Normile
PENNIE & EDMONDS

William H. MacAllister
HEWLETT-PACKARD COMPANY



APPENDIX



1a

APPENDIX

NO. C84-20642 RPA

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

HEWLETT-PACKARD COMPANY,
Plaintiff

v.

BAUSCH & LOMB, INC.,
Defendant.

ORDER DENYING MOTION
FOR DISQUALIFICATION

I. INTRODUCTION.

Defendant Bausch & Lomb ("B&L") has brought this motion seeking my disqualification pursuant to 28 U.S.C. § 455 on the grounds that the employment of my son, Robert Anthony Aguilar, by plaintiff Hewlett-Packard ("HP"): (1) would cause a reasonable person to question my impartiality, 28 U.S.C. § 455(a); and/or (2) was an interest that could be substantially affected by the outcome of the proceeding. 28 U.S.C. § 455(b)(5)(iii).

II. FACTUAL BACKGROUND.

I have or recently have had on my docket at least four cases involving HP, a company with its headquarters in this venue. I am aware that there are at least four cases involving HP because counsel for HP has provided carbon copies to me of disclosure letters it sent to opposing

counsel in four cases on my docket. I am also aware of the fact that my son, Robert Anthony Aguilar, has been employed by HP for over a decade. HP informs me in its papers that Robert has been employed by it for a period of fifteen years and I have no reason to doubt that figure.

HP first learned of the connection between my son and me in June 1988 at an HP conference in Lake Tahoe, California. Subsequent to a presentation in which the speaker mentioned one or more cases involving HP on my docket, an HP employee attending the conference reported from the audience to the speaker that my son works for HP in its Corvallis, Oregon facility. HP investigated this statement and learned that of the ten individual employed by HP with the surname "Aguilar," one of them is my son Robert Anthony Aguilar. HP employs 83,000 employees.

After conducting an investigation and satisfying itself that disqualification was not required, HP contacted opposing counsel by letter informing them of the connection between me, my son Robert Anthony Aguilar, and HP. Shortly after receiving the letter, and without making a serious attempt to learn the basic details of the situation, B&L filed this motion for disqualification.

III. DISCUSSION.

B&L sets forth two grounds for my disqualification, both stemming from 28 U.S.C. § 455. In the first instance, B&L seeks disqualification because pursuant to § 455(a), a judge "shall disqualify himself in any proceeding in which his impartiality might reasonably be questioned." As explained in B&L's papers, the background of the provision suggests that Congress intended to replace the former subjective standard with an objective standard whereby the judge is to consider whether a reasonable person, "knowing all the circumstances, would believe that the judge's impartiality could be questioned." 13A Wright, Miller and Cooper, *Federal Practice and Procedure* § 3549, at 612 (West 1984). Thus, although Congress intended that

the judge himself make the decision whether disqualification is proper without soliciting the views of the parties, the standard to be applied is that of the "reasonable person." In making this determination, the Supreme Court has stated that "it is critically important...to identify the facts that might reasonably cause an objective observer to question [the judge's] impartiality." *Liljeberg v. Health Services Acquisition Corp.*, ____ U.S. ____, 56 U.S.L.W. 4637, 4642 (June 17, 1988).

B&L points to five facts which it believes counsel disqualification. First, for the three and one half years of this lawsuit, Robert A. Aguilar was continuously employed by HP. Second, HP only recently disclosed this fact to B&L. Third, the significance of this litigation to HP is "enormous". Fourth, HP has thwarted B&L's attempts to ascertain details of Robert A. Aguilar's employment relationship with HP. Fifth, HP "surreptitiously filed this action in order to secure the advantages of litigating in its home forum, and in a court where it had a strong likelihood of drawing the father of one of its employees as the judge." *B&L Moving Brief* at 8:16-20.

Had B&L deposed my son,¹ Robert Anthony, they would have learned that he has been employed by HP for a period of time of nearly twice the length of that which I have enjoyed as a federal judge. The mere fact of continuous employment means nothing in itself. My son and I have never discussed my HP cases or any other cases for that matter, except for occasional banter about results or facts of my cases that are in the news and generate public interest. We have never discussed the content or status of a pending case. In short, there is nothing in the fact that my son is employed by HP that would raise reasonable doubts about my impartiality.

¹If B&L sincerely wanted to know all of the details about my son's employment at HP, it should have noticed his deposition. If HP had objected, I would have granted B&L's request to depose him for the purpose of gathering facts relevant to this motion. As discussed below, B&L's inability to obtain facts in this instance is partly a byproduct of their own lack of initiative.

Skipping to B&L's third point, this case is of some significance to HP. There are important intellectual property interests at stake. However, these interests do not affect my son. The HP division for which he works in Corvallis, Oregon does not produce HP plotters, nor is there any reason to believe that the security of my son's future employment would be negatively impacted by a decision adverse to HP. I understand that my son is a supervisor and has a significant job, but he is not part of management, nor does he have any role in policy making. It is simply not plausible to conclude that my decision in a case involving the San Diego division of HP making a product totally unrelated to the product made in Corvallis, Oregon would in any way be influenced or compromised by the fact that my son is a shipping supervisor in an HP plant in another state making a different product. Considering the size of HP and the magnitude of its sales, an adverse decision in one of its product lines is not likely to have such a significant impact that a reasonable person would doubt my impartiality merely because one of HP's 83,000 employees is my son.

Finally, with respect to B&L's complaints about HP's handling of this matter, these are merely complaints and not bases relating to the propriety of disqualification. While HP could have been more forthcoming, B&L apparently was satisfied to sit back and accept whatever it was given. As noted earlier, B&L has not sought to depose Robert Anthony Aguilar, nor have they attempted to discover basic information about my son's relationship with HP. And for B&L to contend that HP "surreptitiously filed this action" with a hidden agenda is almost irresponsible. A case that I decided in favor of B&L was originally filed by HP in California Superior Court and was removed to this Court by B&L. B&L eventually won that case by summary judgment in April 1986. B&L does not demonstrate good judgment in making such a base accusation about HP when B&L has brought a case to this Court and won it against vigorous opposition by HP.

The Question of Interest:

The second ground asserted by B&L supporting disqualification is contained in 28 U.S.C. § 455(b)(5)(iii):

(b) He shall also disqualify himself in the following circumstances:

(5) He or his spouse, or a person within the third degree of relationship to either of them, or the spouse of such a person:

(iii) Is known by the judge to have an interest that could be substantially affected by the outcome of the proceeding....

B&L's arguments in this regard are loose, unsubstantiated speculations, the product of B&L's admitted ignorance about the true facts regarding Robert A. Aguilar's relationship with HP. B&L speculates that Robert may own a stock in HP or be part of a profit sharing plan that would be adversely affected by my ruling in this case and others involving HP. In advancing these conjectures, B&L attaches great significance to its view that my decision with regard to HP's defense of inequitable conduct was a matter of first impression. B&L's position is that I was in a particularly conflicted position in deciding close questions of credibility based on a theory of inequitable conduct never before adopted in a reported decision. Under such circumstances, B&L insists that disqualification is appropriate under subsection (b)(5)(iii) of the disqualification statute.

My son Robert Anthony does not own HP stock and to my knowledge, and to the extent that the contrary has not been shown on the record, never has owned stock during the time of these proceedings. I learned for the first time in connection with this motion that my son is part of HP's profit sharing plan. The declaration of William H. MacAllister, Assistant General Counsel for HP, states that all HP employees are automatically enrolled in a cash profit

sharing program following six continuous months of employment. Payments are made twice annually in cash and no company stock is issued. Hence, this profit sharing plan is not a proprietary interest, but could be considered a financial interest in the well being of the company beyond simply the retention of one's job. HP reports, however, that "any large non-recurring charges which are considered outside the spirit of the program" are not deducted from the profit sharing fund. HP represents that even a large adverse judgment in this case would not have impacted any HP employee's profit sharing interest.

Considering all these factors as I must, I cannot find that my son has any proprietary or investment interest in HP that would compromise my ability to render a fair decision in this case. Given the above facts, a reasonable person would not have grounds to suspect that Robert Anthony's position and interest in HP was such that it might undermine my impartiality. Therefore, I cannot find a basis for disqualification on this ground.

IV. CONCLUSION.

For the reasons stated above, B&L's motion for disqualification is denied.

IT IS SO ORDERED.

DATED: August 1, 1988.

ROBERT P. AGUILAR
United States District Judge

CERTIFICATE OF SERVICE

This BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI has been served upon Petitioner by mailing three copies thereof to James W. Colbert, III, Esq., O'Melveny & Myers, 400 South Hope Street, Los Angeles, California 90071, Laurence H. Pretty, Esq., Pretty, Schroeder, Brueggemann & Clark, 444 South Flower Street—Suite 2000, Los Angeles, California 90017, and Bernard D. Bogdon, Esq., Bausch & Lomb Incorporated, One Lincoln First Square, Post Office Box 54, Rochester, New York 14601, this 18th day of January, 1990; all parties required to be served have been served.

Jonathan A. Marshall

No. 89-979

4

Supreme Court, U.S.

FILED

JAN 26 1990

JOSEPH F. SPANIOL, JR.
CLERK

In the Supreme Court

OF THE United States

OCTOBER TERM, 1989

BAUSCH & LOMB INCORPORATED,
a Corporation,
Petitioner,

VS.

HEWLETT-PACKARD COMPANY,
a Corporation,
Respondent.

On Writ of Certiorari to the United States
Court of Appeals for the Federal Circuit

REPLY TO BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

JAMES W. COLBERT, III
O'MELVENY & MYERS
400 South Hope Street
Los Angeles, California 90071
(213) 669-6000

*Attorneys for Petitioner
Bausch & Lomb
Incorporated*

Of Counsel:

RICHARD W. BUCKNER
O'MELVENY & MYERS

LAURENCE H. PRETTY

PRETTY, SCHROEDER,

BRUEGGEMAN & CLARK
444 South Flower Street
Suite 2000

Los Angeles, California 90017

BERNARD D. BOGDON, Esq.
Bausch & Lomb Incorporated
One Lincoln First Square
Post Office Box 54
Rochester, New York 14601

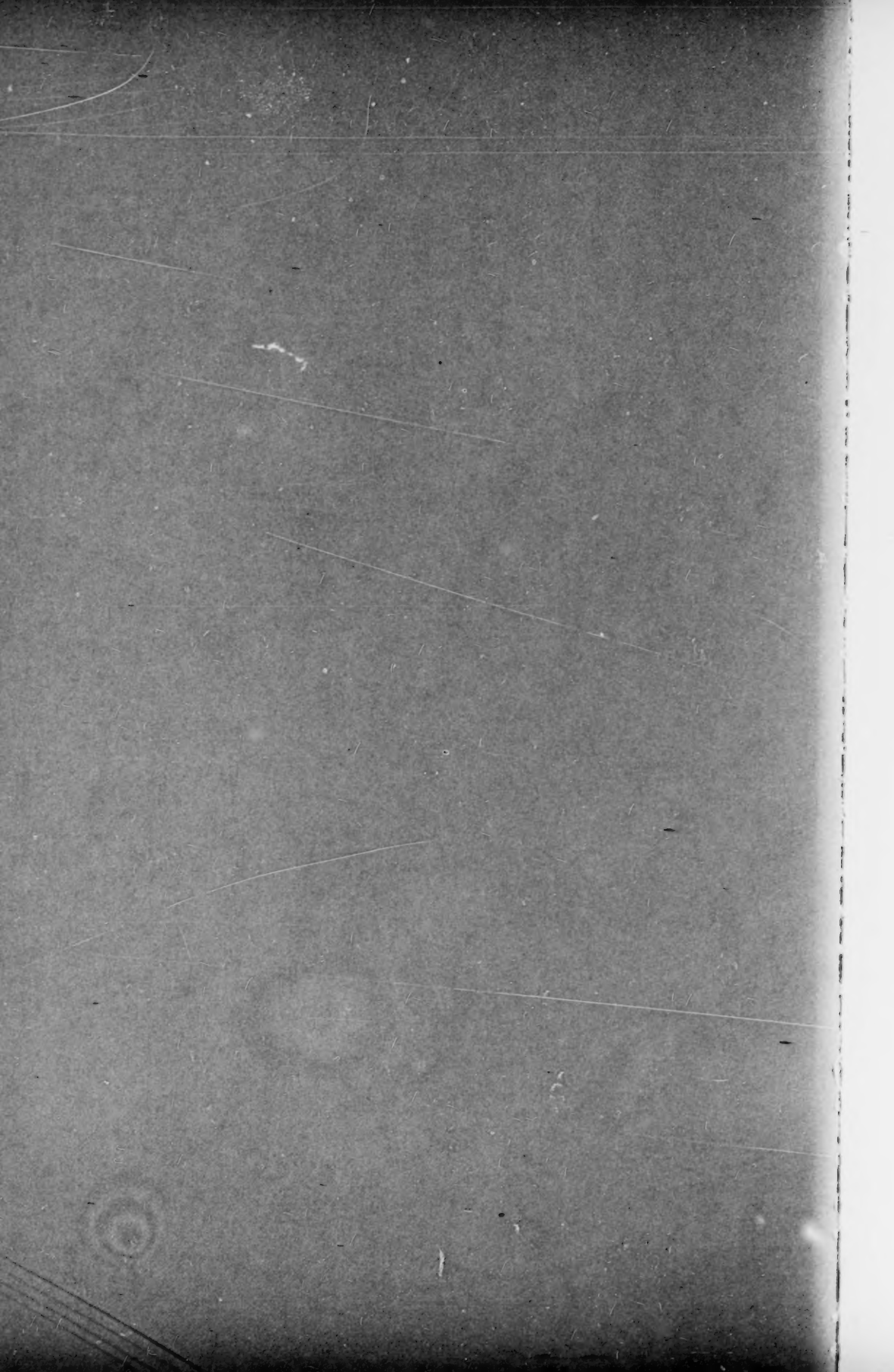


TABLE OF CONTENTS

	<u>Page</u>
TABLE OF AUTHORITIES	i
I.	
HEWLETT-PACKARD'S OPPOSITION ATTEMPTS TO DISTORT THE ISSUE PRESENTED.....	1
II.	
HEWLETT-PACKARD'S ATTEMPT TO RECONCILE THE DECISION BELOW WITH THE DECISIONS OF THIS COURT AND THOSE OF OTHER CIRCUITS MISSES THE POINT	3
III.	
HEWLETT-PACKARD'S COMPLAINT THAT THE PRESENT PETITION IS NO MORE THAN LITIGATION TACTICS IS ALTOGETHER DISINGENUOUS	4
IV.	
CONCLUSION	7

TABLE OF AUTHORITIES

Cases

<i>In Re National Union Fire Insurance Company</i> , 839 F.2d 1226 (7th Cir. 1988)	3
<i>Liljeberg v. Health Services Acquisition Corp.</i> , 486 U.S. 847 (1988)	3, 4



No. 89-979

In the Supreme Court
OF THE
United States

OCTOBER TERM, 1989

BAUSCH & LOMB INCORPORATED,
a Corporation,
Petitioner,

VS.

HEWLETT-PACKARD COMPANY,
a Corporation,
Respondent.

**On Writ of Certiorari to the United States
Court of Appeals for the Federal Circuit**

**REPLY TO BRIEF IN OPPOSITION
TO PETITION FOR WRIT OF CERTIORARI**

Petitioner Bausch & Lomb Incorporated ("Bausch & Lomb") respectfully submits the following brief reply to the arguments of Hewlett-Packard Company ("Hewlett-Packard") in its Brief in Opposition to Petition for Certiorari ("Opposition").

I.

**HEWLETT-PACKARD'S OPPOSITION ATTEMPTS
TO DISTORT THE ISSUE PRESENTED.**

Predictably, Hewlett-Packard attempts to trivialize the issues presented by this petition. Thus, Hewlett-Packard

suggests that Bausch & Lomb's position is that a possible source of bias, no matter how trivial, becomes disqualifying merely because it is unknown to the litigants and suggests that adoption of Bausch & Lomb's position would mean that "a judicial *voir dire* would be necessary" (Opposition at 5.) Bausch & Lomb makes no such contention.

The potential source of bias involved in this matter — the employment of the judge's son by Hewlett-Packard — does not raise trivial or marginal questions. As the Federal Circuit itself recognized in the opinion for which review is sought, this circumstance involves "a serious question of impartiality." (Appendix to Petition for Writ of Certiorari at 28a.) Nor does this case involve a circumstance in which the trial judge overlooked or did not recognize the serious source of bias. To the contrary, as already noted in the Petition (page 5) Judge Aguilar has confirmed that he was fully cognizant of the circumstance and of its importance, but made the deliberate choice not to disclose it to the litigants.

This case involves the conscious decision of a trial judge to conceal facts of unquestioned importance respecting his impartiality. Whether one disagrees with this decision — as does Bausch & Lomb — or agrees with it — as Hewlett-Packard professes to do — the question of propriety that it raises can hardly be characterized as trivial. The universal adoption of Judge Aguilar's approach will mean, as a practical matter, the end of any effective means for litigants to test the impartiality of those who weigh the evidence and sit in judgment on the credibility of testimony presented. A judicial decision that is undisclosed, and hence unknown, can never be reviewed. Whatever one's personal views of the merits of

this controversy, it is not possible to characterize it as unimportant to the integrity of our system of justice.

II.

HEWLETT-PACKARD'S ATTEMPT TO RECONCILE THE DECISION BELOW WITH THE DECISIONS OF THIS COURT AND THOSE OF OTHER CIRCUITS MISSES THE POINT.

Again predictably, Hewlett-Packard attempts to dismiss the striking disparity between the approach recommended by the Federal Circuit in this matter and that advocated by this Court in *Liljeberg v. Health Services Acquisition Corp.*, 486 U.S. 847 (1988) and by the Seventh Circuit in *In Re National Union Fire Insurance Company*, 839 F.2d 1226 (7th Cir. 1988). Hewlett-Packard cannot dispute — indeed it concedes — that the procedure approved by the Federal Circuit is at odds with those contemplated in *Liljeberg* and *National Union Fire Insurance*. Hewlett-Packard emphasizes, however, that neither of those cases includes within its express holding that a trial judge is *obligated* to follow the procedures being recommended and encouraged. (Opposition at 6-8.) This observation is true, but it misses the point.

Neither *Liljeberg* nor *National Union Fire Insurance* holds that a trial judge is obligated to disclose sources of bias known to him because neither case had that issue presented. If the issue had been presented, and particularly if the issue had been presented to this Court in *Liljeberg*, there would be no need for the present petition. The principle of law now urged by Bausch & Lomb would already be an accepted part of our jurisprudence. The fact that the issue was not squarely presented — and, hence, not formally embodied in this Court's holding in *Liljeberg* — allowed the Federal Circuit to pronounce the

erroneous and pernicious principle approving judicial concealment that is now at issue.

The circumstance identified by Hewlett-Packard argues for, and not against, the granting of certiorari. Without the express contrary holding of this Court, the argument successfully urged by Hewlett-Packard before the Federal Circuit will continue to work mischief, now aided by the Federal Circuit opinion for which review is sought. If the recommendations of the Federal Circuit in this area are taken to heart by the trial court judiciary, the procedure so clearly advocated in *Liljeberg* — the early and full disclosure of all sources of bias — will simply become an endangered species.

This case presents the clearest and best opportunity for this Court to prevent so unfortunate a development in our law. This case presents no ambiguities. The importance of the fact withheld is undisputed. The knowledge of the district judge of the fact is conceded, as is his knowledge of the importance of the fact. Nor is there any question as to the deliberate nature of his decision to withhold the fact or of the ignorance of both litigants as to the existence of the fact. It is unlikely that there will ever be a case whose facts present this issue more clearly.

III.

HEWLETT-PACKARD'S COMPLAINT THAT THE PRESENT PETITION IS NO MORE THAN LITIGATION TACTICS IS ALTOGETHER DISINGENUOUS.

Hewlett-Packard's final argument in its Opposition (pages 8-11) is a polemic condemning Bausch & Lomb's petition as the tactic of an unsuccessful litigant who

merely seeks to achieve a more favorable result.¹ This argument evidences a *naivety* that is difficult to credit to so sophisticated an organization.

It is the nature of our judicial system that successful litigants do not seek review — indeed are not permitted to seek review — of principles of law for purely altruistic reasons. As a consequence, appellate arguments are always presented by parties who have realized an unfavorable result below and hope to improve their lot. If such an observation were sufficient to preclude review of the arguments presented, the American taxpayer could be saved the expense of providing for this Court and for all of the other appellate courts of the United States.

Hewlett-Packard's complaint that the present petition is tactical also grossly misstates the record below. As its principal contention for the proposition that Bausch & Lomb does not seriously question the impartiality, or the appearance of impartiality, of Judge Aguilar, Hewlett-Packard notes that no request has been made that Judge Aguilar's summary judgment in favor of Bausch & Lomb in a companion case involving title issues be reversed on the grounds of bias. But Hewlett-Packard chooses to ignore that Bausch & Lomb has also declined to seek reversal of Judge Aguilar's partial summary judgment *in*

¹ To bolster its *ad hominem* attack on Bausch & Lomb, Hewlett-Packard also quotes liberally from Judge Aguilar's adverse opinion below. (Opposition at 2.) The quotes are taken out of context, and the opinion is not as starkly critical of Bausch & Lomb as Hewlett-Packard's brief suggests. It is to be conceded, however, that Judge Aguilar's opinion evidences that Bausch & Lomb did not meet with favor in his eyes. But it is hardly supportive of Hewlett-Packard's position to observe that a judge whose impartiality is subject to reasonable doubt has, in fact, displayed antipathy toward Bausch & Lomb.

favor of Hewlett-Packard in the instant case.² In fact, Bausch & Lomb has sought reversal of no decision made by Judge Aguilar — either favorable or unfavorable — by reason of his son's employment by Hewlett-Packard where the decision in question involved the resolution of matters of law based upon undisputed facts rather than factual determinations that turned on the weighing of evidence and the judgment of the credibility of witnesses. In the former case, of course, appellate review is *de novo* and each litigant's rights are fully protected in the Court of Appeals, regardless of the personal bias of the trial judge who first addressed the matter.

There is no inconsistency — or tactical disingenuousness — in Bausch & Lomb's position. Where the trial judge is effectively the final arbiter of an issue, as is the case when the trial judge sits as trier of fact, both litigants — Hewlett-Packard as well as Bausch & Lomb — are entitled to an arbiter whose impartiality is subject to no second guessing. Judge Aguilar did not satisfy that criterion.

² The order granting partial summary judgment to Hewlett-Packard is discussed in the Federal Circuit Opinion. (Appendix to Petition for Writ of Certiorari at 6a.)

IV.
CONCLUSION.

For these reasons, and for the reasons set forth in the petition itself, Bausch & Lomb respectfully submits that certiorari should issue.

DATED: January 26, 1990

Respectfully submitted,

O'MELVENY & MYERS
JAMES W. COLBERT, III
Attorneys for Petitioner
Bausch & Lomb Incorporated

Of Counsel:

Richard W. Buckner
O'Melveny & Myers

Laurence H. Pretty
Pretty, Schroeder, Brueggeman & Clark

Bernard D. Bogdon
Bausch & Lomb Incorporated